Meeting Date: 5/29/07

Santa Clara All-America City 2001

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 5A-4

DATE: May 24, 2007

TO: City Manager/Executive Director for Council/Redevelopment Agency Information

FROM: Deputy City Manager

SUBJECT: Correspondence Received Regarding the Proposed Football Stadium as of May 24, 2007

For the period of April 25, 2007 through May 24, 2007, the Mayor and Council Offices, City Manager's Office and other City departments and municipal addresses have received 73 additional emails, phone messages, and letters from residents or others regarding the proposal for a 49ers football stadium. The letters were in support, expressing concerns or opposition, or not articulating a position. Some of the individuals forwarded copies of newspaper articles or reports. In some cases, multiple items of correspondence have been received from a single individual; for this reason, staff will be tabulating the amount of total correspondence received, but no longer counting the numbers in support, expressing concerns or opposition.

The recent correspondence/communication is attached to this Agenda Report.

	TOTAL CORRESPONDENCE RECEIVED
04/24/07 – 05/24/07	73
04/19/07 – 04/24/07	31
02/03/07 – 04/19/07	31
02/03/07 – 02/06/07	5
01/10/07 – 02/02/07	4
11/11/06 – 01/09/07	19

Carol McCarthy
Deputy City Manager

Approved:

Jennifer Sparacino
City Manager

Documents related to this Report: Letters/Emails/Messages

From: Brad Morgan <jbradleymorgan@comcast.net>
To: <MayorandCouncil@ci.santa-clara.ca.us>
Date: 5/24/2007 9:16 AM
Subject: No! to 49er Stadium

Do NOT under any circumstances approve investing any city money or giving any land for a proposed stadium.

Under no circumstances should the residents of Santa Clara ever have to pay any monies to subsidize a billionaire, despite all the secret "confidential" meetings many of you, and the County Assessor have had with the Yorks and 49er officials. Why the secrecy when you declared this would be an "open" process? Was that all a big lie? You claim to be so "ethical". Is lying and having secret meeting ethical to you? What else are you lying about?

I also find it shocking and disturbing beyond belief that you're even considering spending HUNDREDS OF MILLIONS OF DOLLARS OF CITY FUNDS WITHOUT THE APPROVAL OF THE VOTERS - yet you claim to be so "ethical". Is your preferred course to find a way around a vote by the residents? Is that "ethical" to you too?

I'm going to spread the word about what you've been doing, and urge fellow citizens to OPPOSE the stadium, and OPPOSE YOU specifically in any future elections, should you declare your approval to use any city funds, or land to subsidize a stadium.

Sincerely,

James B. Morgan
2411 Scanlan Place
Santa Clara, CA 95050

MY NAME IS EDWARD STONE. I LIVE RIGHT BEHIND THE FORTY-NINER TRAINING CAMP @ GREAT AMERICA. I THOUGHT THIS MIGHT BE OF INTEREST.

cardinals stadium

Pink Taco's owners make bid to name Cards stadium

Louie Villalobos
The Arizona Republic
Aug. 21, 2006 02:55 PM

First, they shook up the Scottsdale establishment. Now the family behind the Pink Taco restaurant chain is rattling the Arizona Cardinals' cage.

Would you believe Pink Taco Stadium? That's what the Morton family, famous for creating the Hard Rock Café and Morton's Steakhouse, is saying they want to name Cardinals Stadium.

They are offering $30 million for 10 years as evidence of their commitment and are promising to pursue an agreement with the Arizona Cardinals.

One problem. The Cardinals, who control the stadium's naming rights, said they want no part of that name.

Harry Morton, president and CEO of Pink Taco, said his group is prepared to use the $30 million as a starting point. He held a press conference Monday to announce the stadium proposal.

The family said it offered the Cardinals a $5 million good faith check during a meeting last week to show that they are serious about the proposal.

The Cardinals took the presentation as a joke and dismissed the Monday press conference by the family as a publicity stunt.

"There is zero chance of this happening," said Mark Dalton, director of media relations for the Cardinals. "We are in serious and legitimate naming rights discussion with several companies, this is not one of them."

Columns
En Español
▫ Deportes
Sports Challenge

Locally, the restaurant, named after a slang term for the vulva, caused a stir in Scottsdale when Mayor Mary Manross objected to the restaurant's opening in Scottsdale's Waterfront project.

Dalton said the team doesn't wanted to be associated with the Pink Taco brand, but wouldn't say exactly why.

Morton said on Monday that his family is very serious about the naming deal. He plans to meet with the Arizona Cardinals in the coming days. The Cardinals said there is no scheduled meeting.

The family dismissed the team's reaction as a "knee jerk" one and stated the proposal was not an attempt to get more publicity for the restaurant.

"We're talking about $30 million," he said. "That's an expensive publicity stunt."

A Pink Taco restaurant will be opened in Los Angeles early next year. The company is working on building a second restaurant in Arizona and looking at future sites in San Diego, San Francisco, Chicago and Dallas.

From: "tsunami.hobie@juno.com" <tsunami.hobie@juno.com>
To: <Clerk@ci.santa-clara.ca.us>
Date: 5/22/2007 12:39 PM
Subject: 49er Stadium Proposal

Dear Mayor, City Manager, and City Council,

I feel a vote for or against the 49er stadium by the residents of Santa Clara is warranted and should be a requirement. You the city seem to want to ram this proposal down our throats without our say in this matter. You say that the surplus money from the municipal utility should cover Santa Clara's portion. Then why do I see my garbage bill increasing every one or two years?

What I see is the additional direct and indirect maintenance costs after the stadium has been built. There will be an increase in traffic through Santa Clara as more people go and leave the games...thus the street department will have to maintain the roads more often-additional cost. Also for security and upholding peace, additional police costs are incurred by overtime and/or additional police recruitment.

The undesirable elements that the stadium bring are criminal ticket scalpers, out of towners with no ties or care for the city, and the drunked fans from the tailgate parties and alcohol procurement in the stadium who drive drunk or vandalize because their team lost. This jeopardizes the safety and wellbeing of the citizens of Santa Clara.

I urge you to allow this to be voted by the citizens of Santa Clara as some of you were elected by us to represent our wishes.

Sincerely,

Stewart Mock

Carol McCarthy - Fwd: The 49er Stadium Article

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/22/2007 8:56 AM
Subject: Fwd: The 49er Stadium Article
Attachments: The 49er Stadium Article

Mike & Julie, (to Reporters at the Mecury News, copied to the City)

Great article today in the San Jose Mercury News ! Shows a lot of research and comparison on your part. This is the kind of reporting that is important to the community. Was a bit surprised to see it on the front page but hopefully people will begin to waken up.

Makes one seriously consider whether the venture is worth consideration at all. The over-glamorous football excitement isn't worth the *known* costs as you pointed out and the *unknown* makes it even stupider! Perhaps it's better the York's stay in San Francisco and figure out how to pay for a new stadium there, seeing the S.F. council approved the development of a new stadium at Hunter's Point just last week.

Hopefully, most of the other Santa Clara City Council members aren't bought off yet or so brazen as to forego a city wide vote by the residents on the issue. Now that the "A's" are going to Fremont with one stadium, and another is planned for soccer by the San Jose airport, the Santa Clara concept is beginning to look goofy and seriously redundant.

"IF", however it seems either the Santa Clara council or the voters were to unfortunately go ahead with the development, it would be much better for the city to run the whole show by floating a bond, instead of getting mired down into a doubly dangerous partnership.
Build it, expand its' usefulness by incorporating many other possibilities besides just football, lease its' use and collect questionable profits.
Hopefully, this will not ever have to be a consideration.....

See now, what your article has done,

Donald P. Buchanan
dbuch981@msn.com
2637 Kerryshire Lane
Santa Clara, Ca. 95051

From: Ms Michele Ryan <micheleryan@yahoo.com>
To: <mswift@mercurynews.com>, <jpatel@mercurynews.com>
Date: 5/21/2007 6:43 PM
Subject: Re: The 49er Stadium Article

CC: "Donald P.Buchanan" <dbuch981@msn.com>, MayorandCouncil <MayorandCouncil...

(to reporters at Mercury News, copied to City)

Dear Mike and Julie,

I'd like to second Buchanan's comments on your article today. It's only thanks to the Mercury News that I first learned anything at all about this proposal. As far as I am aware, the city itself has not sent anything to the residents about this major project.

The only thing I wish you would have included in the chart was the cost per capita of these four projects. So, for example, while Phoenix spent $310 million in public money on this project, its PER RESIDENT subsidy for construction is closer to $210 in cash.

For all four projects mentioned in your article, the per resident construction cash subsidies are:

Phoenix - $310 million - $210 per resident

Seattle - $300 million - $518 per resident (city) or $92 (metro area)

Dallas - $325 million - $260 per resident (city) or $54 (metro area)

Santa Clara - $180 million - $1,651 per resident

I think these numbers provide an important perspective on the size of the subsidy relative to the size of the community.

Also, I'm only going by the numbers in your article, so I don't know yet about the other assets each city contributed, but since Santa Clara has a much smaller population base, I would assume that the Santa Clara cost per resident would only increase more quickly than for the other cities.

Thanks again for your continuing attention to and analysis of this proposal.

Sincerely,

Michele Ryan

Mike & Julie,

Great article today in the San Jose Mercury News ! Shows a lot of research and comparison on your part. This is the kind of reporting that is important to the community. Was a bit surprised to see it on the front page but hopefully people will begin to waken up.

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"IF", however it seems either the Santa Clara council or the voters were to unfortunately go ahead with the development, it would be much better for the city to run the whole show by floating a bond, instead of getting mired down into a doubly dangerous partnership.
Build it, expand its' usefulness by incorporating many other possibilities besides just football, lease its' use and collect questionable profits. Hopefully, this will not ever have to be a consideration.....

See now, what your article has done,

Donald P. Buchanan
dbuch981@msn.com
2637 Kerryshire Lane
Santa Clara, Ca. 95051

http://farechase.yahoo.com/

Carol McCarthy - Fwd: "Political Theater"

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/21/2007 8:57 AM
Subject: Fwd: "Political Theater"
Attachments: "Political Theater"

Mayor Mahan and Council,

"Political Theater". Those exact words were used by Councilmember Caserta to describe the polite, well researched efforts of our fellow citizens of the City to recommend that before the seven of you vote to spend ~$180 Million of the City's money on a new 49ers stadium, it be put to a vote by the citizens. Gasp! Shocking suggestion, isn't it? "Political Theater"- kind of a thought stopper isn't it? Prevents any further discussion or consideration when such labeling is used. But I forget, that was Councilmember Caserta's intent all along, right? And of course you are aware that this is now a matter of public record. Let the chips fall where they may.

But I digress. I wanted to mention I enjoyed in a sad sort of way the bit of political theater staged by the City Council regarding the SOFNA street and sidewalk repair issue. I thought it curious that when "Champion Of The People" Coucilmember McLeod proposed the motion to complete the study of street repair within five long years (when all of you will conveniently have moved on to future political horizons), there were no opposing motions, and when it came time for a vote, the motion was speedily passed. Great political theater!

And great selective ineptitude, as well, when compared to the falling-all-over-yourselves-to-comply three month deadline on the stadium project. Let's see, five years to address a sustandard street issue by the citizens of the City, who helped buy the seats in which you imperiously sit, and two to three quick months to address a stadium proposal by a family that has more money and influence than it knows what to do with... Hmmmm, an interesting comparison to be sure. Musn't keep the rich and powerful waiting, mustn't we? After all, if the York family were told by "Champion Of The People" McLeod that it would be five years before a resolution was reached on The Brand New Stadium, I think they'd go elsewhere, don't you?

Perhaps you read this, silently declaring, "What umbrage, what cynicism! How dare he challenge the ethics of our Council!". Well you now have my email address. I invite each of you to kindly prove me wrong on any of the points implied and stated in my letter to you.

PS My views do not in any way reflect the views of the SOFNA members. I only live here in Santa Clara, as I have for the last 11 years, and pay taxes...

Regards,

Jim Flanegin
Douglane Avenue
Santa Clara

From: <j.keehan@comcast.net>
To: <MayorandCouncil@ci.santa-clara.ca.us>, <MayorandCouncil@ci.santa-clara....
Date: 5/17/2007 12:38 AM
Subject: Council meeting May 15, 2007

Hello,

My name is Jay Keehan and I'm a 10 year resident of Santa Clara. I was at the meeting last night and would like to make the following comments directed to specific council members:

To Council member Moore: Please tell me you were kidding when you asked if the petitioners for the ballot issue were going to pay for the election. Given the stakes involved with this project, you must realize that the costs involved in an election--even a special one-would be trivial. I hope that upon reflection you'll regret this remark. It struck me as a very inappropriate response to a reasonable request.

To Council member Caserta: I'm not sure I understand what you meant by your comment that the petition was "political theatre." Does it mean you simply don't like ordinary citizens atttempting to place a hurdle in front of a proposal that is seemingly destined to be railroaded through the council? If so, this council brought this apparently unwelcome scrutiny onto itself by an apparent willingness to do the York's and NFL's bidding. I mean, I really didn't want to spend my entire evening in council chambers, but I felt I had to because I have been subjected a series of credulous quotes in the Mercury from council members these past several weeks. I'm glad you're hard at work reviewing the proposal now. All that is being asked is that if you and the council feel the proposal is a good one, that the residents of the city ratify your decision at the ballot box. You gave me the impression last night that by acceding to this you would be granting a special request residents aren't
fully
worthy of.

To Mayor Mahan: I found it interesting that you cut off the woman speaking against the proposal right at the two minute mark. Why? You didn't cut off the retired school teacher speaking moments before in favor of the proposal. Because you were not fair in your dealings, I'd like to finish what I think the speaker would had said had she been given an additional few seconds. To remind you, she said that the vast majority of the time, the stadium will sit as a sort of mausoleum that would be unable to support restaurants and shops in the vicinity. Therefore people would take their business to Mountain View's Castro Street and other nearby cities with vibrant downtowns. An example of other communities benefiting without contributing to the project. Why should Santa Clara be funding this?

To all council members: Your decision regarding the proposal should be impartial according to the city's code of ethics. I really want to believe that it will be--but given what I've read, seen, and heard, I have serious doubts. When you were all elected, no one had any idea that you would all be called upon to make such a momentous decision affecting all residents. Therefore, I believe that it is essential that the residents have the final say in this matter. I can only accept this as being fair. Do the right thing--if you approve a proposal--it must be on the ballot.

j.keehan@comcast.net

Carol McCarthy - Fwd: Just the Tip of Iceberg ?

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/17/2007 12:21 PM
Subject: Fwd: Just the Tip of Iceberg ?
Attachments: Just the Tip of Iceberg ?

Maybe the ***real*** reason for postponing a public vote on building the 49er stadium is more than what appears on the surface.

Could it be conflict of interest . . . as we just follow the money !

MAYOR TREATED TO GAME, GOT CAMPAIGN MONEY; COUNTY ASSESSOR ACCEPTED TICKET DISCOUNT
By Julie Patel
Mercury News

The San Francisco **49ers** offered tickets to some **Santa Clara** City Council members and gave $1,000 to Mayor Patricia Mahan's re-election campaign last month, shortly before the team named the city as the front-runner for a new **stadium**.

Santa Clara County Assessor Larry Stone also accepted tickets worth $350 from the team in August 2005 while he was exploring possible South Bay relocation sites on the **49ers**' behalf. The Mercury News discovered that Stone listed the tickets among gifts he received on an economic disclosure form, despite his statement in the San Francisco Chronicle on Thursday that he ``paid for everything that I got from the **49ers**.''

Stone, vacationing in London, told the Mercury News in a telephone interview that he bought a group of tickets in August 2005, before the football season. He accepted $350 of the tickets as a gift and paid the balance of roughly $900 himself. Elected officials can't receive more than $360 from one source, according to regulations outlined by the California Fair Political Practices Commission.

``I report what I'm supposed to report and I abide by the limits of the law,'' Stone said.

Stone, an avid sports fan who has worked for years to lure the Giants, A's and **49ers** to the South Bay, also received a $60 ticket from a team official in 2004. Stone said he was one of several community leaders who had been invited to that game.

A **49ers** spokesman said Thursday that it's not unusual to invite public officials to games.

``We invite civic, business and community leaders throughout the region on a regular basis to give them the chance to see the team live in action,'' **49ers** representative Steve Fine said. ``This is a common practice not just in the NFL but throughout the world of professional sports.

``Of course, any civic leader we invite is under no obligation to accept our invitation, and, in the event that a complimentary ticket is offered, many still opt to pay for its full value.''

Santa Clara Vice Mayor Kevin Moore said he paid his way -- $200 for two tickets -- to a **49ers**-Raiders game and made a contribution to the **49ers** Foundation after the **49ers** invited **Santa Clara** council members in October. Three of the five remaining council members said they were not invited to the game, but all were invited to a special **49ers** reception in August.

Mahan said while she accepted the free **49ers**-Raiders ticket -- and $500 contributions to her mayoral campaign from team owner John York and Chief Financial Officer Larry MacNeil, it won't influence her dealings with the team.

The city's campaign contribution limit -- $500 per individual or group -- is designed to limit influence on council members, Mahan said. Still, she said she can see how contributors might expect some favoritism. She said perhaps that is why **49ers** officials were annoyed when San Francisco city officials didn't return their calls promptly during negotiations over a new **stadium**.

``I try to be good about returning calls to anyone, whether it's a friend, businessman, reporter or a contributor,'' Mahan said. ``A contribution of $500 from any particular source -- I don't see how that exerts some undue influence.''

The city is already home to the **49ers** headquarters and training camp, and is now negotiating a proposal to build a new **stadium** next to the Great America amusement park.

49ers Vice President Lisa Lang said team executives often donate to campaigns and give tickets to many different groups, including non-profit organizations. Lang said MacNeil has also donated money to San Francisco city officials.

``The Yorks actively participate in giving donations to federal candidates, San Francisco and others as part of what they do to promote the democratic process,'' she said.

Stone said his statement to the Chronicle about not accepting gifts was specifically referring to tickets mentioned in an October 2005 letter he wrote to MacNeil in which he suggested the team contact San Jose city officials to discuss the city as an alternative for a new **stadium**. In that letter, Stone asked for tickets to a **49ers** game in Seattle.

``If you could arrange a couple of tickets and let me know the cost I would appreciate it,'' Stone wrote.

Stone said neither he nor the team ever discussed the idea of waiving property taxes for a potential **stadium** -- or any issue relating to his role as assessor.

``They never contacted me because I was the county assessor,'' he said. ``It's because I've been working to bring major league sports to this county for 18 years.

``Sometimes it's very awkward for someone not to take a gift,'' he said. ``That's why there are limits.''

Any court would quickly recognize the transparent fraud of authorizing public funds or land use for private use. Even the approval of $200 K for a feasibility study raises serious questions of culpability under such findings.

Maybe it is time to dig a little deeper or instigate recalls.

Donald P Buchanan

dbuch981@msn.com

2637 Kerryshire Lane

Santa Clara, California

95051-1228

Carol McCarthy - Fwd: 5/15 City Council meeting

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/17/2007 12:20 PM
Subject: Fwd: 5/15 City Council meeting
Attachments: 5/15 City Council meeting

I attended last night's city council meeting with the intent of expressing my views against the proposed Niners stadium and requesting that the final stadium proposal be put to the voters. I was discouraged to find:

1) Council members wasted time with ill-stated motions

2) Council members wasted time with rambling commentary blatently pandering to the voters. Mayor Mahan stated my thought, "What is your point?"

3) The public commentary rules were changed such that I would not be able to comment on THE ISSUE yet only on the action taken by the council. Thus, I would not be able to read the short speech I had prepared.

4) The agenda burried the "Let us vote" issue near the end of the lengthy meeting.

5) Mayor Mahan implied that it is rude to file a written petition without calling the mayor to discuss the logistics for handling it. (Will this new "call the mayor first" procedure be formally added to the 40165-WrittenPetitionToCityCouncilForm.pdf document?)

From what I saw, it is clear that Santa Clara cannot afford to waste $200 million on this stadium proposal when:

1) We can barely consider the $15 million for new roads in the South of Lincoln area in the coming 5 years, and that is heavily based on obtaining outside funds or cost-sharing.

2) Libraries and police sub-stations have reduced the hours of public service to cut costs.

3) Council members task "everything" to the City Manager yet staffing levels are frozen with 30 unfunded positions. With the city growing, this clearly does have an impact to the public. Despite the City Manager's comment of it not being visible to the public, when I go to my local police sub-station at 9:30 AM on a weekday and see a "closed" sign, that is very visible. I also would find closed signs at the library at 11:00AM Wednesday morning or anytime before 1PM on a Sunday.

4) The 5 year budget shows the city barely breaking even... assuming this economic recovery is real and continues.

5) Long term (emergency) reserves must be replenished.

6) There isn't a new branch library east of highway 101 due to staffing expenses.

We don't need to subsidize billionaires. We need to focus on basics. Say "no thank you" to the Niners

stadium proposal.

Regards,
Daniel Lewis

Carol McCarthy - Fwd: the pledge Byron Fleck, Karen Hardy, and Kate Grant will refuse to sign

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/17/2007 12:18 PM
Subject: Fwd: the pledge Byron Fleck, Karen Hardy, and Kate Grant will refuse to sign
Attachments: the pledge Byron Fleck, Karen Hardy, and Kate Grant will refuse to sign

Oh, we want to write pledges will we??

Conflict of interest is some people's middle name.

In developing this conflict of interest pledge, I hereby state that I, nor any non profit organization that I have directed, or campaign that I have helped, or will be involved with in the future, has, or will, accept any money from developers in San Francisco, San Franciso politicians, San Francisco business or labor leaders, building trades unions, or professional sports teams.

This conflict of interest pledge will be on the Mission City Lantern.

So, if a labor union or NFL team has contributed to campaigns concerning diabetes education, or has contributed to groups supporting the development of Sun Microsystems, or in the case of Phil Isenberg, been partnered with Lennar Corporation, Byron Fleck, Kate Grant, and Karen Hardy are going to acknowledge that, right?

Ps, I see Byron's crew is talking abour Roger Noll again.

One of Kate Grant's friends pulled up ol'Roger again.

"Independent analyst??"

Roger Noll is a registered consultant with the Oakland Raiders and two other NFL organizations. Ol' Byron just cannot admit it.

Or sign the above pledge

Carol McCarthy - Fwd: Let Santa Clarans Vote

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/17/2007 12:17 PM
Subject: Fwd: Let Santa Clarans Vote
Attachments: Let Santa Clarans Vote

Dear Mayor Mahan,

The 49ers proposal is a huge consideration and commitment which should be put on a ballot for the residents of Santa Clara to vote upon.

It's beginning to appear some sitting on the Santa Clara City Council are serving personal interests instead of making an attempt to hear *all* resident's voices before making decisions on the stadium proposal. The reality is we've heard mostly from the organized effort of those with a vested financial interest in this proposal; "professionals" who've come to Santa Clara to "sell" their case. There has been little representation from opposing view to the stadium because **few residents in Santa Clara are aware of what is going on and *I feel the council is taking full advantage of this*.**

I'm concerned **the council** has not made attempts to ensure the residents are well informed of **both** sides of this proposal. All pertinent information should be disseminated in some manner, i.e., printed in the Santa Clara News, on the cable channel, via door flyers, etc., so residents can make an educated and informed decision on building a stadium in our community.

If you are earnest about listening to, and representing ALL the residents of Santa Clara, and not just the 49er side (which has had the advantage of coming forward with a well prepared and heavily financed marketing campaign), it is **your responsibility** to make every effort and attempt to get information out to residents. Residents are not going to be "tuning in" to the cable channel or necessarily reading the paper (most get news online now) to see what is going on with this proposal -- you're going to have to reach out to them with **all** the information on this proposal.

Hard-working Santa Clarans go off to work each day, trusting the city is operating and governing on *"day-to-day business" within their boundaries,*. The stadium proposal is not "day-to-day" business. Residents trust if there are decisions of important magnitude, the people they have elected in good faith, to govern, will inform them.

The following, reported by ABCnews.com on Friday, May 11th, is also discouraging:

"Santa Clara's mayor says she's concerned an arbitrary advisory vote would slow the process and allow outside opposition money to influence a land use decision."

"Mayor Patricia Mahan, Santa Clara: "I think it would politicize the issue beyond what's necessary. We built the theme park behind us as a land use issue without a vote of the people. We built the golf course over here without a vote of the people."

I find this a careless statement bordering on arrogance and empowerment. A mayor and council should be especially careful to exercise great caution in their thought, words and action, at all times, but, particularly, in cases where the city may be divided. This sure sounds like the council has already made a decision -- your decision -- and that's all there is to it.

Please *recall* your responsibility to hear **all** constituents and represent the majority of residents in Santa Clara, in your actions and decisions. Your personal interests, the interests of your family, friends, business colleagues, etc., are a conflict while you sit on the council. Your representation does not give liberty to indulge personal opinions or endorsements in any of the actions you take *on behalf of our city.* This is an absolute given for any person serving in government. Those who serve the public should work extra hard at being open and honest to preclude any notion, whatsoever, of wrong-doing.

Please be aware you DO need to reach out to everyone in Santa Clara. You DO need to inform all residents and do so fairly. You DO need to let the residents of Santa Clara place *their* vote, despite what you'd like the outcome to be.

Most respectfully,

Stephanie Kibler

Carol McCarthy - Fwd: 49'crs Stadium Project Should be Brought to the Voters

From: Jennifer Sparacino
To: Carol McCarthy
Date: 5/17/2007 9:37 AM
Subject: Fwd: 49'ers Stadium Project Should be Brought to the Voters
Attachments: 49'ers Stadium Project Should be Brought to the Voters

Dear Jennifer,

As a long time resident of Santa Clara (since March, 1981), I have really enjoyed living in Santa Clara these past 26 years. I think a lot of this is due to the excellent leadership and hard work of yourself and your team.

I am dismayed to find that the Santa Clara City Council appears to be going ahead with the 49'er stadium project and trying to use Santa Clara residents' money to fund the stadium for the 49'ers without putting it on the ballot for Santa Clara voters to vote on. This is unfair to the residents of Santa Clara. This item should be brought to the voters for a vote!

It appears that the city council is going ahead with the project via something called the York subsidy and trying to get it passed before the citizens of Santa Clara have a chance to comment on it. The city council should be more upfront with the citizens of Santa Clara.

My request is that your team do whatever it can to ensure that the 49'er stadium project is placed on the ballot so that the voice of the citizens of Santa Clara can be heard.

Sincerely,

Shirley Foreman
2592 Borax Drive
Santa Clara

Carol McCarthy - Fwd: stadium (CM Forward)

From: Yvonne Galletta
To: Carol McCarthy
Date: 5/17/2007 9:30 AM
Subject: Fwd: stadium (CM Forward)
Attachments: stadium

I made an aborted attempt to join the planning commission, but want to put my 2-cents worth about the stadium. these are not the 49ers of Tony Morabito whose cousins were San Francisco fishermen: attended USF and Santa Clara and ran a ship service compay in San Pedro. These guys are from Youngstown, Ohio. I was raised in Steubenville. Steel town people are rough. These people are tough,hard nosed and take no prisoners and will say anything to get what they want (' Cal and Stanford can play their home games in Santa Clara" Jed York.. Baloney Jed, it'll never happen) . these guys eat people like us for lunch. I don't believe in subsidies for the well to do.. How many hot-dog salesmen and popcorn baggers will become the next Bill Gates? We went to war 230 years ago over taxation w/o representation . this is close , the 49ers got a sweet deal with the training facility. If one of the perks is going to be a skybox for the council, I want in. If we are going to start subsidizing business , I want some of that action too, like a new office. Hang in there don't get discouraged.. marty Sammon, 338 Montclair Drive .S.C. 95051, (408) 248-1567

Carol McCarthy - Proposed 49ers Stadium - May 15, 2007 Meeting

From: "Monica Siguenza" <msiguenza@msn.com>
To: "Carol McCarthy" <Cmccarthy@ci.santa-clara.ca.us>
Date: 5/15/2007 11:53 PM
Subject: Proposed 49ers Stadium - May 15, 2007 Meeting

Dear Mayor Mahan, City Council Members, and City Staff:

I agree with your decision to defer the petition to add the 49ers stadium funding to the February ballot, pending completion of the feasibility study already underway. I believe it is premature on the part of the petitioner to make this request prior to getting the results of this study. From the way he words his literature, it seems Mr. Fleck has some kind of vendetta towards the Yorks, and this I really don't understand. There must be some background here that I'm not privy too. I thought Mr. Fleck was rather patronizing of you as a council tonight with his "do you understand, are there any questions" attitude. I also think the comparisons his associates made between this project and the Oakland Coliseum is comparing apples to oranges. Al Davis is not John York, and the Oakland city council is not the Santa Clara city council!

In any case, I urge you to push forward and leave no stone unturned in the effort to bring the 49ers to Santa Clara. I believe the return on investment will be positive in the long run, with new jobs created, direct spending revenue, and new tax/fee revenue from tickets and parking.

As I watched the two proud soccer teams receive their trophies and recognition, I was reminded what an important role sports plays in our communities, especially for our youth. Youth football and other programs geared towards young people are fully supported throughout the year by the 49ers organization. In fact, the 49ers have an extensive community outreach program that many city organizations and residents can benefit from. I think this is one area that doesn't get much press.

I believe proceeds from the stadium will help fund much needed projects like the road repairs discussed tonight, which reminds me, the roads in my neighborhood could use new blacktop. They've been patched at various times so it looks like earthquake cracks up and down the streets with the tar as filler. Not very attractive, but functional, so we live with it.

Sincerely yours,

Monica Siguenza
(Santa Clara resident since 1972)

From: Jashma Kadam
To: Carol McCarthy
Date: 5/15/2007 4:54 PM
Subject: Resident re 49ers

Carol: Received a call from Tammy Smith. She is a resident of Santa Clara residing at 2361 Nobili. She is for the 49ers.

Jashma

From: Elizabeth Elliott
To: Carol McCarthy
Date: 5/15/2007 3:40 PM
Subject: resident support for 49er stadium

I received a call from resident, David Smith. He was calling to voice his support for a 49er stadium in the City of Santa Clara.

From: Carol McCarthy
To: Kevin S Bracken
Date: 5/15/2007 3:27 PM
Subject: Re: The 49ers stadium

Dear Mr. Bracken and Ms. Fessler:

Thank you for your email. Copies have been provided to the Mayor and City Council, to the City Manager, and to the City Clerk. In addition, your email will be part of the public record of tonight's discussion of this matter.

Sincerely,
Carol McCarthy
Deputy City Manager

>>> "Kevin S Bracken" <ksbasking@sbcglobal.net> 5/15/2007 10:44 AM >>>
Dear Mayor and city council members,

My wife and I would like to second Byron Fleck's request to place the stadium funding on the next ballot. To wit:

1. We request the Santa Clara City Council commit that any proposal involving the appropriation of any City or City Agency or City Utility money, property or indebtedness, for construction of a professional football stadium, be first submitted to the voters of Santa Clara for approval or rejection.

2. We additionally ask that the City Council place any such Stadium Funding Measure on the ballot without the need for residents to gather signatures. This request is consistent with the Council's prior decision to place Measure B (binding arbitration for City firefighters and police unions) on the November 2006 ballot, after so requested by both unions.

3. We will additionally ask that the Council direct that the Stadium Funding Measure be placed on the February primary 2008 ballot.

Sincerely,
Kevin Bracken and Betty Fessler
4385 Fillmore St
Santa Clara, CA 95054

From: Carol McCarthy
To: gniblock@gmail.com
Date: 5/15/2007 3:25 PM
Subject: Re: Fleck-Hardy Request

CC: City Manager; Clerk; Mayor&Council

Dear Mr. Niblock:

Thank you for your email regarding the item on tonight's City Council Agenda. Copies have been provided to the Mayor and City Council, to the City Manager, and to the City Clerk, and will be part of the public record for discussion on this topic.

Sincerely,
Carol McCarthy
Deputy City Manager

>>> "gniblock@gmail.com" <gniblock@gmail.com> 5/15/2007 8:56 AM >>>

Dear City Clerk, Mayor and Council,

In regards to tonights City Council meeting, agenda item 7B1, the Santa Clara City Firefighters emphatically support City staff recommendation to "defer request at least until the Stadium Feasibility Study has been completed and public financing and responsibilities for a stadium are more clearly understood."
This approach and recommendation is currently and unequivocally the best suited for this issue and for the people of Santa Clara. To subvert the process that has been carefully and judiciously begun by council and staff is not in the best interests of the city and residents. Continuing the process will bring forward all the necessary information for council and the citizens to make an intelligent and informed decision re this issue.

Please reject the Fleck-Hardy request. There is a better way, and council and staff are currently pursuing it.

Thank you,
Gary Niblock - President
Santa Clara City Firefighters
IAFF Local 1171

From: Carol McCarthy
To: Willy Tjanaka
Date: 5/15/2007 1:52 PM
Subject: Re: My opinion on the SF 49ers stadium in Santa Clara

CC: City Manager; Mayor&Council

Dear Mr. Tjanaka:

Thank you for your email and your letter to the Mayor and City Council. Copies have been provided to them. In additional your email and the questions you raised will be retained as part of the public record as discussion proceeds on the proposal for a 49ers football stadium in the City of Santa Clara.

Sincerely,
Carol McCarthy
Deputy City Manager

>>> Willy Tjanaka <willy_tjanaka@yahoo.com> 5/9/2007 4:06 PM >>>
Dear Mayor and Council Members:

My name is Willy Tjanaka and I live in Santa Clara in the Rivermark community. Attached with this email is a letter describing my reasons on why you should reject the proposal for subsidizing the San Francisco 49ers stadium in Santa Clara.

Thank you.

Sincerely,
Willy Tjanaka

From: Bryan Wing <wingdom@mac.com>
To: <MayorandCouncil@ci.santa-clara.ca.us>
Date: 5/14/2007 10:27 PM
Subject: Santa Clara Financing of the San Francisco 49ers Stadium

Honorable Mayor and Council Members of the City of Santa Clara,

I realize that the financial proposal the San Francisco 49ers have placed before you is complex. But as this deal originally unfolded, I asked myself, why can't the San Francisco 49ers and the deBartolo/ Young family finance this all on their own? They are rich cats, aren't they? The SF Giants took the risk to finance that beautiful park by the bay on their own. This is a private enterprise. Why should the tiny city of Santa Clara take the risk to back this private deal. If this is such a sure thing, then why aren't the deBartolo/Young financing this deal?

The City of Santa Clara has done a great job with keeping costs down for the little guy. City services are currently great when compared to San Jose. What happens when this big chunk of money gets diverted to the new stadium? Street sweepers once a month like in San Jose. The 'blight' gustapo playing emininent domain with corner malls like in San Jose?

If the 49ers are so enamored with the City of Santa Clara, why don't they foot the entire bill on their own? Oh, is it because the City of Santa Clara has deep pockets? Well you don't have to let them use Santa Clara's hard earned revenues. Let 49ers borrow their own cash.

I urge you to NOT approve the deal unless it is absolutely free to the City of Santa Clara, no strings attached. Don't assume the risks the 49ers want to spread on the little guy. Let them go back to SF to get a better deal for themselves. Besides, this is entertainment. Let the fanatics who want to see oversized guys crack heads pay for this deal.

Sincerely,

Bryan Wing
2476 Austin Place
Santa Clara, CA 95050

From: <Eabroderick@aol.com>
To: <Cmccarthy@ci.santa-clara.ca.us>
Date: 5/12/2007 4:10 PM
Subject: Re: Santa Clara does not want the 49ers

CC: <Manager@ci.santa-clara.ca.us>, <MayorandCouncil@ci.santa-clara.ca.us>

Ms. McMarthy, Madam Mayor & Council,
Santa Clarans would like everything to be transparent with city discussions with the 49ers and the Yorks. Negotiations in isolation and private are not appropriate for Santa Clara or any public entity. Especially when requesting public funds for a private project. Santa Clarans just say NO to the Niners.

E. Broderick
Concerned Santa Clara Voter

Carol McCarthy - Objection to Consideration of Item 7b, written petition

From: JC Rowen <jcrowensanjosestate@yahoo.com>
To: <mayor&council@ci.santa-clara.ca.us>, <jsparacino@ci.santa-clara.ca.us>
Date: 5/11/2007 8:49 PM
Subject: Objection to Consideration of Item 7b, written petition
CC: Carol McCarthy <cmccarthy@ci.santa-clara.ca.us>, <teshanks@comcast.net>, <attypatty@sbcglobal.net>, <lisamgill@aol.com>

Mayor and Council

.Concerning the following agenda item: ***Byron Fleck, Esq. and Karen Hardy: Request that the Council commit that any proposal involving the appropriation of City, Agency or Utility funds, property or indebtness for the construction of a football stadium be first submitted to the voters of Santa Clara for approval or rejection; and, that the Council direct that the "Stadium Funding Measure" be placed on the February 2008 primary ballot***

I formally object to consideration of any item that requires the City Council to committ an action to any proposal that has not been formally drafted.

What happens if there is a city council member that wants to require the stadium be privately funded, or funded through hotel tax revenue financing? Do they get to require that any proposal about the stadium be privately financed, or funded through another public means.

It is very improper for an officer of the court to attempt to lead the City Council down a primrose path of discussion that commits the Council before any discussion has occurred and I hereby request that this matter be continued until the City Attorney reviews the possible Brown Act issues of requiring the council to commit to actions prior to consideration.

James Rowen
Santa Clara

From: JC Rowen <jcrowensanjosestate@yahoo.com>
To: <mayor&council@ci.santa-clara.ca.us>, <patkolstad@aol.com>, <attypatty@s...
Date: 5/10/2007 6:28 PM
Subject: sports stadiums
Attachments: Seaman.pdf

another paper showing that criticism of sports stadium financing is inaccurate

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The Supply Constraint Problem in Economic Impact Analysis: An Arts/Sports Disparity

by Bruce Seaman

presented at

Lasting Effects: Assessing the Future of Economic Impact Analysis of the Arts Conference

May 12 - 14, 2004

The University of Chicago
Cultural Policy Center
Irving B. Harris Graduate School of Public Policy Studies
1155 East 60th Street Chicago, Illinois 60637
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The Supply Constraint Problem in Economic Impact Analysis:
An Arts/Sports Disparity

Bruce A. Seaman
Department of Economics
The Andrew Young School of Policy Studies
Georgia State University

May 2004

Prepared for Presentation at the Conference:
Lasting Effects: Assessing the Future of Economic Impact Analysis
Pocantico Conference Center, Tarrytown, New York
May 12-14, 2004
Sponsored by the Cultural Policy Center, the Harris School, University of Chicago

The Supply Constraint Problem in Economic Impact Analysis: An Arts/Sports Disparity

I. Introduction

The major technical errors that can be made in traditional economic impact analysis are well understood by all but the most inexperienced practitioners.[1] The three most common are demand-side errors: (1) the spending diversion direct base error (i.e. the failure to subtract local *sources* of funds and non-local *uses* of funds from subject organization or event budgets and other spending data sources), (2) the ancillary spending induced base error (i.e. incorrectly attributing all complementary good spending by non-local visitors to the existence of a particular subject organization or event, and (3) the indirect impact multiplier error (i.e. failing to adapt the multiplier to the specific sized region by not recognizing the commonly negative relationship between the size of the direct and induced spending bases and the relevant multiplier).[2]

However, even highly trained analysts do not as consistently avoid two other potentially significant problems. The first, which is the focus of this paper, is the failure to consider the severity of supply capacity constraints in the local economy that may generate as much as 100 percent crowding out or displacement of one type of visitor spending by another type of visitor spending. While this is focused on the alleged limitations of the hospitality sector and the local transportation and related infrastructure, it is more broadly linked to the potential inability of a local economy to significantly expand its output in response to alleged massive injections of visitor spending demands linked to "mega-events."

The failure to detect this problem is in turn linked to an "*ex post* verification error" that results from the absence of empirical testing of regional economic impact projections, either due

[1] Seaman (2002) distinguishes between "naïve economic impact models" (NEIM) that fail to avoid these errors, and hence systematically overstate net economic impacts (measured as incremental output, income, employment and tax revenues), and "sophisticated economic impact models" (SEIM) that properly adjust for these problems, and hence generate economic impact results as low as $0 in some (perhaps many) cases. However, since spending based economic impacts are incomplete versions of the "full economic impact," conditions are identified in which NEIM results may reasonably approximate a more accurate conceptualization of full economic impact that also includes consumer surplus and option-type values as typically addressed by contingent valuation models (CVM).

[2] Schaffer (1999), e.g., provides a comprehensive technical review of the methodological strengths and weaknesses of regional economic impact analysis. Baade and Dye (1988) was an early important evaluation of economic impact methods. The particular names applied to the analytical errors identified above, and some others below, are derived from Seaman (2003a). Crompton (1995) identifies eleven "sources of misapplication" in the economic impact analysis of sports facilities and events.

to inadequate data or motivation to test those results. Cultural economic impact studies have nearly ignored this problem, while recent sports studies have potentially overstated its significance.

The second rarely resolved issue is the "aggregation problem," which can become even more severe when combined with supply constraints. While space limitations prevent a full analysis of this problem here, this refers to the conceptual dilemmas created by (a) the common practice of separately deriving the economic impacts within any defined region of individual organizations or events (usually in independent studies done by different analysts with varied and distinct sponsors), and (b) the occasional attempt to derive separable economic impacts from the same event or organization for different aggregations of the region, most commonly growing in scope from the central city, to the entire city, to the metropolitan area, to the entire state (or other applicable regional entity).

The aggregation problem might be confused with the "policy interpretation, partial vs. general equilibrium error," whereby it is falsely presumed that the demonstration of a positive net economic impact from any one project is a sufficient condition for potential public sector investment without first comparing the rates of return from alternative uses of such funding. While this reflects a failure to see the "big" (aggregate) picture, it is quite distinct from the aggregation problem just described. The general equilibrium policy error warns against considering tax-financed support prior to a comparison of the economic impacts of competing projects. By contrast, the aggregation problem addresses conceptual challenges to properly measuring those individual economic impacts in the first place.[3]

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[3] One particular challenge that the author has faced includes the competing claims made by proponents of Atlanta Hartsfield-Jackson International Airport and the Georgia World Congress Center (GWCC), both critical "engines of local growth," but with the airport viewing itself as the essential conduit for large portions of conventioneers and other visitors to the Atlanta area, and the GWCC viewing itself as the initial reason for most of those "destination" (in contrast to the huge base of "transit") passengers to need the services of the airport in the first place. Even though I have conducted studies of both facilities, they were separate studies over slightly different time periods, raising the interesting question of how an integrated study of both facilities done at the same time might have differed, and more directly attacked any possible double-counting problems. A more recent example of a study that did require an explicit approach to this aggregation problem was my simultaneous analysis of the pending Georgia Aquarium (to open in 2005) and the New World of Coca-Cola (to be relocated from elsewhere in downtown Atlanta as part of the overall Aquarium project). I was asked to derive separate economic impacts for both projects individually, as well as for the integrated project, and was later asked to further incorporate the independent economic effects of adding a "multi-use entertainment complex of retail shops, a hotel and condominium housing" after having already done the analysis of the Aquarium and the Coke museum. Separate impacts upon the City of Atlanta (as distinct from the metropolitan area) and the state of Georgia were requested. To further complicate matters, Coca-Cola and the Marcus Foundation (sponsor of the Aquarium project) alternately viewed themselves as

As described, all competent analysts are aware of the general equilibrium policy error and warn that, at best, a positive net economic impact (on jobs, income, output, and tax revenues) may be a necessary but certainly is not a sufficient condition for justifying public investment in a project.[4] However, the aggregation problem is typically either beyond the scope of any one economic impact study, or so conceptually challenging as to be poorly handled despite attempts to confront it. Again, this topic cannot be fully developed in this particular paper.

What is addressed more thoroughly here is the fascinating disparity in the way that sports economists have handled the supply constraint problem in contrast to cultural economists – even cultural economists who have been extremely critical of economic impact studies (including the author, who also has conducted many sports impact studies; see below). In short, while sports economists certainly make the appropriate criticisms of the three (and more) previously listed demand-based errors, they have elevated the failure to consider supply constraints into perhaps the pre-eminent conceptual mistake exhibited by short-run spending impact analysis.

Porter (1999, 2001a, 200b) takes the almost shocking position that the mega-sports event in the United States, the National Football League's (NFL) Super Bowl, has essentially yielded zero net economic spending-based benefits to host cities. Baade and Matheson (2000) conclude that the 1999 Super Bowl in Miami yielded only about 10 percent of the estimated impact (i.e. $36.5 million instead of $365.0 million), and further conclude that Super Bowls generally yield actual impacts ranging from about $21 million to $32 million. By contrast, the average predicted impact of 13 Super Bowls measured in 1992 dollars is $252 million (Depken, II and Wilson, 2003, Table 1). The Major League Baseball All Star (MLB) Game fares even worse, with essentially negative economic impacts to host cities since 1973 (Baade and Matheson, 2001).

Nothing like these severe results is even hinted at in the many economic impact studies done of arts festivals and other cultural events. The unavoidable question is whether arts economists, despite their own critical view of economic impact studies, have simply missed the

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collaborators for the success of this common integrated project, and competitors in claiming significant regional economic benefits from their individual parts of the project. Since the findings of this study have not yet been released, and a strict confidentiality agreement had to be signed regarding the data, the model that was developed to deal with these analytical challenges cannot be discussed here.

[4] Of course, the long-standing welfare analysis of public subsidies linked to externality, public good, and merit good arguments does not focus on such short run spending based impacts at all, except in an indirect way related to regional factor rents that might not be fully captured by those generating them, hence presenting a kind of externality problem.

importance of regional supply constraints. Even if most arts economists would be skeptical of any net positive spending impacts of locally based individual arts organizations and institutions, have they been wrong in their findings of net positive benefits from high profile arts events that clearly do bring visitors to their host cities and regions?[5]

II. Regional Supply Constraints

A. Further Description of the Problem

It is well known that unless there is significant import substitution, sports, arts or other institutions can have no net incremental regional effect on jobs, income and output if the audiences that it attracts are entirely localized, hence generating only diversions of spending from one sector to another without injecting any new economic activity into the region. Import substitution will occur if local residents would have spent a portion of their income outside the relevant region (typically on non-localized substitutes) had it not been for the existence of the local institution. A rare explicit measure of this effect was related to an event rather than an institution, when Gazel and Schwer (1997) identified 3,660 local Las Vegas residents attending a Grateful Dead (GD) concert (out of 4,134 such attendees) who "reported that they would travel someplace else to patronize the GD concerts in the absence of the show locally" (p. 49). O'Hagan (1992) provides another estimate of such import substitution related to an event in noting that about 10 per cent of Irish attendees of the Wexford Festival "indicated that they would have taken a holiday outside Ireland if the Festival had not been on" (p. 65).

Interestingly, there may be a reverse effect in what might be called "import enhancement" resulting from the development by local arts institutions of a greater interest in cultural consumption that then stimulates more tourist visits by local residents to non-local destinations to partially satisfy their demand for the arts. Thus, a reasonable conclusion is that, given the limited and contradictory evidence regarding import substitution, institutions that

[5] Seaman (2003b) compares and contrasts the cultural economics and the sports economics literatures in the hope of encouraging more collaboration across these related areas. Since the focus is on labor market analysis, the common problems confronted in conducting economic impact, as well as contingent valuation studies, is mentioned only in passing.

largely serve local audiences may generate substantial local consumption benefits, but will not generate any measurable output, income, jobs or tax revenue effects.[6]

However, can sports, arts, or other local institutions, or even more likely, significant events that clearly do attract large numbers of freely spending visitors from outside the region ever yield a similarly *de minimis* economic impact? Yes, but only if such visitors substantially displace (crowd-out) other equally or more freely spending visitors who must not just postpone, but permanently cancel their trips to the region.[7] Note that this crowding-out effect is quite distinct from the incorporation of the negative effects on a community of enhanced tourism development linked to additional policing, clean-up, or traffic control expenditures (see, e.g. Fleming and Toepper, 1990, who call for a balancing of these negative as well as positive effects of tourism). If the crowding-out of customary tourists by mega-event visitors is truly significant, such additional local government expenditures will be minimal since the net increase in tourists will itself be minimal.

While it is widely recognized that this *can* theoretically happen, it has been rare (until relatively recently) to make any adjustments for this displacement effect, much less to claim that full 100 percent displacement will ever occur. This is particularly true in the arts, where the problem is only mentioned in passing, or a quite different aspect of supply capacity constraints is addressed. For example:

- Johnson and Thomas (1992) provide a very thorough analysis of the economic impact of the Open Air Museum of Beamish in northern England, but note merely that "possible supply constraints" (and also the role of competitors as a separate issue) "have not been examined" (p. 76).
- Mitchell (1993) provides a generally positive assessment of the impact of theatre festivals in small Ontario communities, but then observes in concluding that the benefits provided to communities by such summer theatre companies depend on their ability to attract a non-local market and the adequacy of the "tourist infrastructure required to sustain

[6] For example, Bille Hansen (1997) justifies her focus on a contingent valuation assessment of the benefits from the Royal Theatre in Copenhagen by noting "the primary purpose of cultural activities is not to attract tourists, but to provide enriching experiences for the citizenry" (p. 2).

[7] Of course, the relevant issue is not just the aggregate spending but the type of spending, since spending that accrues to local rather than "foreign" vendors, or that lands in the hands of local labor forces rather than "carpetbaggers" will have a larger effect on both the initial direct base impact, and the subsequent multiplier effects.

visitors" (p. 65). The earlier Mitchell (1989) examination of the Stratford, Shaw and Blyth festivals also mentions the tourist infrastructure, but implicitly assumes a highly elastic supply of such tourist services in concluding that employment benefits increase with festival size since "visitors who travel to attend a performance at a festival demand services to sustain them while in the community," and smaller festivals just do not require a large tourist infrastructure (p. 77).

- Acheson et al. (1996) identifies significant challenges that have confronted the organizers of the Banff Television Festival, including "the timing of competing events, the seasonal pressures of the business, the local weather and accommodation considerations" (emphasis added) (p. 326), but this last factor receives little attention.
- Frey (1994) addresses supply issues, but not local infrastructure supply constraints. He examines the incentives influencing the increasing supply of music festivals, focusing on the potential private profitability and increased artistic freedom to the organizers (especially in Europe) rather than any infrastructure supply constraints that might limit a region's ability to host such increasingly popular festivals. Interestingly, his observations that "attending a festival performance is often an integral part of a holiday to a particular region" (p. 32) and that "most festivals take place during the holiday season" (p. 31) in an era of increasing demand for holiday travel, hint at the possibility that at least some existing holiday travelers could indeed be crowded out by those travelers motivated in part by festivals. While he identifies potentially new groups of arts consumers attracted to festivals who might not otherwise regularly patronize the arts, it is unclear to what extent the hospitality infrastructure of a city or region is capable of accommodating both these new arts consumers and regular visitors at the same time. What is clear is that the demand for some events such as the Salzburg Festival is so high that tickets are extremely hard to obtain (worsened by sub-equilibrium pricing; Frey, 1986, 2001). It is therefore no surprise that any tourists who might have planned to visit Salzburg during that period for reasons other than the festival would be advised to cancel or at least postpone their visit.
- Caserta and Russo (2002) provide the most explicit consideration of "spatial displacement" but stress the somewhat different problem of the diminution of the quality

of the travel experience to heritage sites. When demand continues to grow while the quantity of the cultural products themselves (primary goods) is constant, and the related accommodation supply (secondary goods) is "constrained in the center, infinite in the periphery" (p. 248), the result is often "a bad meal, an unfriendly ticket office, or excessively crowded public transport" (p. 246). While they then model the conditions for "sustainable tourism" in heritage cities and warn of the threat of tourist decline,[8] this is still ultimately an argument about the long term size of the cultural heritage visitor market rather than a consideration of how such visitors are crowding out other visitors, hence potentially yielding limited or no net economic benefits to the city or region.

B. Assumptions that Might Justify Ignoring Supply Constraints

What might account for this failure in arts economic impact studies (and in some other high profile studies) to more explicitly consider regional supply constraints? Four assumptions (often implicit) could justify failing to seriously consider normal visitor displacement caused by such constraints. While a key part of the sports literature focusing on supply constraints is linked to innovative empirical work that demonstrates minimal effects on dependent variables such as tax receipts, personal income, or employment, the emphasis in this section is on conceptual rather than empirical issues.

Four key assumptions:

- Major events such as the Summer or Winter Olympic Games, Super Bowls, World Cup Soccer matches, the Salzburg (Mozart) Festival, the Cannes Film Festival or lesser highly publicized events such as collegiate sports championship games (e.g. in the United States, the NCAA basketball regional and "final four" tournament events) are well-known so far in advance that conventions and other tourist visits can easily be rescheduled to avoid any conflict with these "mega-events." The annual events that are linked to one location are clearly anticipated, but even the events with fluctuating venues are generally subject to intense media coverage that would alert planners of competing events and even individual tourists to avoid those specific dates. In fact, this assumption was explicitly

[8] Frey (2001) cites the corrosive effects of public subsidy as a different kind of endogenous reason for the decline in the quality of cultural goods (in his case music festivals), and hence the long term "fall of festivals" following their initial success.

made regarding the 1996 Atlanta Summer Olympics by two well-known economic forecasters within the state of Georgia in their respective projections (Donald Ratacjzak of the Georgia State University Economic Forecasting Center, and Jeffrey Humphreys of the University of Georgia's Selig Center for Economic Growth).

- Some visitor displacement will occur, but it is likely to be sufficiently small that it will be counterbalanced by the existence (discussed above) of local residents who will divert into the region some spending that they would otherwise do outside of the area as a result of being attracted to these mega-events occurring in their back yard. That is, the conservative assumption that all spending done locally by residents at a particular institution or local event is merely a diversion from other local sectors is a simplification, but a useful one that is essentially accurate. However, there is no denying that especially attractive local events are capable of causing import-substitution effects as local residents substitute them for travel to non-local alternatives. Thus, the practice of not making a downward adjustment for visitor displacement might be rationalized by the absence of making an upward adjustment for resident "non-displacement." Obviously, such casual rule-of-thumb balancing adjustments are always inferior to obtaining more accurate data about both visitor and resident displacement, but such data may not reliably be available.
- Even if the customary flow of visitors is not adequately shifted to other time periods by the advance notification of these mega-events, there is sufficient excess-capacity in the local economy, specifically in the tourist/hospitality sector, to accommodate both the normal flow of visitors and the exogenous shock of additional visitors attracted to the special events. Thus, supply-side constraints are sufficiently non-binding to allow the focus of the analysis to be on net demand-side effects uncomplicated by such constraints. O'Hagan (1992) explicitly stresses this point in his discussion of the economically depressed state of the Wexford, Ireland area, and the scheduling of the Festival at an off-peak time of the year (p. 65).
- There may in fact be some crowding out of normal visitors, but visitors to the event in question spend more than such ordinary visitors, hence generating a net increase in economic activity despite the supply constraint problem. While it is not uncommon to claim such differential spending habits, it is rare to actually provide specific offsets to the

spending of visitors to a specific event to account for such displacement (e.g. Vaughn, 1980 notes both differential spending by visitors to the Edinburgh Festival and ordinary visitors as well as differential propensities to choose particular housing accommodations, but does not explicitly weigh these relative factors despite a thorough analysis overall). Vaughan and Booth (1989) and Varette (1987) also stress the differential spending habits of distinct types of visitors to local regions.

C. Displacement Effects in Sports vs. the Arts

The generally passive treatment of supply constraints in the arts becomes especially noteworthy when contrasted with the remarkable literature that is developing in sports economics (cited above), and also spilling over into a less technical backlash against such high profile events as the Olympic Games. Sports economists are increasingly avoiding *ex post* verification errors by making serious attempts to try to validate the projections that are made in typical impact studies.

To the extent that such studies demonstrate that (1) individual sports franchises or (2) sports stadiums and arenas, fail to generate any measurable incremental gain in jobs, income, output or tax revenues for their cities or regions, little fundamental challenge is posed to economic impact methodology. Such minimal effects are predictable when the patronage of teams is primarily local, much of the expense of the teams such as player salaries accrues to those who do not live in the local area,[9] and stadium deals between wealthy private team owners and local governments often turn into perverse rent-seeking arrangements at the expense of the tax-paying public (e.g., Noll and Zimbalist, 1997; Zimmerman, 1997; Baade and Sanderson, 1997; Keating, 2001).[10]

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[9] As argued by Siegfried and Zimbalist (2002): "Sports expenditures are subject to extraordinary consumer substitution away from other local expenditures, and they suffer unusually large first round leakages..." The role of non-local players in such leakages is dramatic: "While 93% of the average employees live in the area in which they work, only 29% of the NBA players do the same" (p. 361).

[10] William Schaffer apparently does concede one possible exception regarding stadiums: "There is actually a case of a sports stadium working. The Roman Coliseum is a boon to Rome because it has drawn about 2,000 years of tourism, but it's difficult to find another similar stadium" (quote taken from Lehrer (1998)). It is unclear whether even this observation would apply after controlling for (1) the actual incremental effect of the Coliseum in being the prime motivation for visits to Rome; see e.g. Stanley et al. (2000) for a detailed examination of these motivations regarding Ontario art exhibitions, and (2) the regional supply constraints stressed by Porter and others.

Thus the Coates and Humphreys (2001) finding that sports strikes and lockouts, as well as the permanent departure of professional basketball teams from specific cities, have had no adverse effects on the SMSA's in which the affected teams were located, is a noteworthy but not shocking result. It is one that should be easily believed by cultural economists. A related but distinct inquiry has focused on whether there have been longer-term positive economic effects upon the cities of successful sports teams (i.e. either those who qualify for post-season playoffs, or who actually win championships). Coates and Humphreys (2002) find no such effects in the level of per-capita income from 1969-1997 in those cities having their teams in post-season play, but they do find that in the "city that is home to the winning team from the Super Bowl, real per capita personal income is found to be higher by about $140, perhaps reflecting a link between winning the Super Bowl and the productivity of workers in cities" (p. 291).

While such a real productivity result would fascinate cultural economists who have long searched for tangible confirmation of the more fundamental "intangible" benefits of the arts beyond pure consumption benefits or the questionable pecuniary effects of short run spending impacts, Matheson (2003) revisits the Coates and Humphreys (2002) results and develops evidence that their Super Bowl effect may well be no more than an anomaly (as suspected by Coates and Humphreys themselves). Baade and Matheson (2003) provide further evidence against any such benefits of sports championships and call such successes "the gift that keeps on taking" (p. 10).

This is not to suggest that an individual sports franchise or arts organization could not have a legitimate net positive economic spending impact on a well-defined geographical area – certainly numerous studies have at least claimed such positive effects.[11] However, since *ex post* statistical studies remain rare even in sports, and have been non-existent in the arts, such claims have not been rigorously tested. Nevertheless, it is noteworthy that whenever such data and

[11] Fort (2003) provides a useful review of such studies in sports, which have generally been conducted related to energetic debates in local communities and states about public subsidization of stadiums and even teams. For example, Conway and Byers (1994) contrasted "total activity" from "new activity" and found 1993 new activity spending impacts for the Seattle Mariners baseball team ranging from $42.9 million to $53.3 million (ranging across city, county and state). They also found (1996) such impacts for the Seattle Seahawks football team ranging from $66.7 million to $76.2 million in 1995. Gapinski (1987) provides a survey of earlier arts and other studies, while Radich (1990) provides a more comprehensive overview in the arts, both focusing on the economic impacts of individual theaters, orchestras, opera and dance companies. A particularly ambitious effort was the collaboration of the American for the Arts and 33 local arts agencies in generating *Jobs, Arts, and The Economy*, which also purports to provide any arts organization in the United States with a handy "fill-in-the-spaces" formula to prove the positive impacts on their local communities. This approach is almost destined to generate overstated impacts.

analysis have been available in the sports case, the evidence usually suggests that the impacts generated by customary methods significantly overstate the realized impacts (e.g. Fort, 2003, pp. 325-328).[12]

On the other hand, such minimal (or even perverse) impacts are hardly anticipated for mega-events such as the Super Bowl in professional American football and the World Cup in soccer, and lesser sporting events such as All Star games, and various high-profile tournaments. And there are increasing claims that the Olympics fail to generate measurable economic rewards for the host cities (not just that the organizing committees may lose money, which has been proven time and again).[13] However, one very important exception to the "rule" that sophisticated econometric analysis finds evidence of minimal economic impact is the finding by Georgia State University economists that the 1996 Atlanta Summer Games "boosted employment by 17% [293,000 jobs] in the counties of Georgia affiliated with and close to Olympic activity, relative to employment increases in the other counties in Georgia," and also that even in the northern Olympic venue areas (away from the main metro-area venues) this employment effect was 11%, although only a weak Olympic effect on wages was found (Hotchkiss et al., 2003, p. 691).

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[12] There are cases in which rigorous statistical analysis would not appear necessary to render such a negative conclusion. One example is the Ernst and Young study of the relocation of the Atlanta Symphony Orchestra to an entirely new facility (a compelling change for artistic reasons), which would also include mixed-use development on the site such as housing and hotel accommodations. Annual revenue from all sources to the Orchestra is about $25 million (from the annual reports of the Woodruff Arts Center). The projected ten year economic impact of $900 million in economic output, $350 million in personal income, 800 jobs, and $35 million in additional tax revenues for the entire project (as reported by the Southern Arts Federation) was widely cited as evidence of the economic benefits of the orchestra. However this clearly requires very creative reasoning in order to find such effects in the mere relocation by one block of an organization largely serving a localized audience, even after subtracting the significant non-orchestra portion of the project.

[13] Ironically, two of the more entertaining overviews of these arguments, including good citations to specific studies, stem from the local opposition to Vancouver's bid to host the 2010 winter Games. Smits (2002) introduces his contribution with: "warning – long rant," and can be found at http://www.creativeresistence.ca/awareness/2002-sept17-olympic-bid-and-why-we-should -oppose-it.htm. He cites, among others, Philip Porter's claim that consumer sales, hotel occupancy rates, and airport usage during the summer of 1996 were no different in Atlanta than any other summer (more about this below in the text). Another "creative resistance" anti-Olympic "sound bite" can be found at http://whistlerolympicinfo.com/sound%2bites.htm#priorities. Of course, in June of 2003, Vancouver did indeed win the 2010 Games, much to the consternation of both the British Columbia resistance, and my long-time personal friend Heinz Schaden, mayor of one of the competing cities of Salzburg, who I was visiting at the time.

Furthermore, positive effects on the rate of growth of employment were found, and these effects extended through the period of their analysis in 2000.

While Olympics effects thus remain disputed, if it can plausibly be demonstrated that most or even many major sports events, that so clearly attract sizeable and often high spending visitors to a city or region, cannot generate net gains in jobs or tax revenues, it would be very tempting to conclude that almost no festival or major arts related event is likely to generate such benefits as well. Of course, perhaps the true sporting mega-events are just "too huge to succeed" (in an ironic reversal of the usual sentiment), and that smaller scale arts festivals are just "too insignificant to fail" (although some are hardly small events). A particular case study can provide further insights into the analysis of the adequacy of the local economic infrastructure when conducting an economic impact study.

D. An Analysis of Local Infrastructure: The 2000 Super Bowl in Atlanta

It is first necessary to provide a bit of personal background. About five years ago I joined my Georgia State University (GSU) economist colleague Donald Ratacjzak (several time winner, now partially retired, of national economic forecasting awards for his work in the GSU Economic Forecasting Center) in assisting the Atlanta Sports Council (ASC), in cooperation with accounting firm McKinsey & Company, in developing an economic impact model that could be flexibly applied to analyze the many major sports events that the ASC hoped to attract to Atlanta.[14]

The ASC ambitiously sought two goals: (1) in typical over-hyped Atlanta fashion, to have the city become the "sports capital of the United States," and more nobly (2) to become the authority on conducting defensible economic impact studies that would not merely be public relations fiascos, but would gain the reputation of the entire sports community as paragons of conservatism and academic respectability.[15] After the early formulation stage, I alone have

[14] While I also have strong contacts within the Atlanta arts community, and just recently (May 2004) made a presentation noting the weaknesses of economic impact studies at a mini-conference on the stage of the Alliance Theater, my role has more typically been as a source of press quotations critical of local arts studies focused upon individual organizations, such as the Atlanta Symphony Orchestra study cited above, and the locally beloved Marietta Theatre in the Square, that had courageously done battle over artistic freedom with conservative forces in suburban Cobb County, home of Newt Gingrich. For that reason alone, I was a reluctant critic to be sure.

persisted in working with the ASC in fine-tuning the model and evaluating the results of every study they have conducted (up to the present), prior to their public dissemination.

It was in this role that I became heavily involved in the economic impact study of Super Bowl XXXIV held in Atlanta in January 2000. This involvement included several meetings, and frequent email communications directly and indirectly with personnel from the National Football League (primarily with Jim Steeg, the NFL's senior vice president of special events). Since the prior year's study of the Super Bowl in Miami had been especially criticized for claiming a metro area impact of $365 million, even the NFL was reasonably open to cooperating with the ASC's stated goal of "getting this one right."[16] In comparisons of Super Bowl impact studies measured in 1992 dollars, the 1999 Miami study was the highest at $318 million with the overall average over thirteen games of $252 million, and the lowest being the 1994 Atlanta game at $158 million, based on a study conducted by Jeffrey Humphries of the University of Georgia (Depken, II and Wilson, 2003).

The ASC study of the 2000 Super Bowl resulted in a $215 million (nominal dollars) impact upon metropolitan Atlanta and a $292 million impact on the state of Georgia, with this latter figure translating into $250 million in 1992 dollars. Depken, II and Wilson (2003) are typical in only reporting the higher statewide, but not the 26 percent lower metropolitan area result (but see footnote 15). Depken II (2004) reviewed the basic findings of the 2000 Atlanta study in his commentary in the *Houston Business Journal* regarding the expectations of the Houston area for the 2004 game. While he did not seem aware that the $292 million was a statewide and not a metro area figure, he concludes that the multiplier used in the Atlanta study was "a bit smaller than most economists would expect," but that the per diem spending figures

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[15] The ASC has succeeded in gaining visibility for the economic impacts of Atlanta based sports events, as evidenced in part by Fort (2003) devoting a full-page table (Table 9-2, p. 316) to "Atlanta Economic Activity Value 1999-2003," based on an article on the subject in the *Sports Business Journal*, January 24, 2000. While that particular table identifies only the estimated values prior to the studies being completed, Fort is utterly unique in accurately identifying the metro Atlanta impact result of $215 million (in the table as part of "advanced problem 8 on page 335), rather than the commonly quoted and often misinterpreted $292 million longer term statewide result. See the text discussion that follows.

[16] There were nevertheless occasional tensions as we severely questioned some of the data that could not be obtained from our own surveys and interviews, especially those related to NFL spending itself as well as the magnitude and nature of the significant corporate sponsored events that are a hallmark of Super Bowl week. The NFL was also not thrilled to hear that any position we might take regarding a positive net economic impact of this mega-event in Atlanta and Georgia in no way suggested that there was any justification for public funding of sports stadiums or subsidization of local sports teams. While the ASC itself was neutral on that issue, I was not.

seemed questionably high. Overall, he concludes that the Atlanta figures are possible (especially given the pre-terrorist attack economic climate) but offers an alternative estimate that would incorporate lower per diem spending assumptions. He finds that if the unadjusted 2000 Atlanta findings were extrapolated to the Houston case, the result would represent less than 0.2 percent of economic activity (actually measured as personal income) at the county level. This leads him to stress the relatively minor effect of the economic impact (compared to civic pride issues) rather than question whether the economic impact would be too great to be plausible.

Super Bowl XXXV (in the following year 2001) generated considerable controversy in part because it was held in Tampa, Florida, and Philip Porter (based at the University of South Florida) wrote high profile attacks on the impact studies being generated for that region. His commentary differed significantly from the later Depken II (2004) Houston discussion, both in not directly addressing the 2000 Atlanta study (although writing an opinion piece for the *Atlanta Business Chronicle*, 2001a) and in concluding that the economic impact on Tampa would actually be nearly zero.

Porter (2001a; 2001b) chided the Tampa Bay Super Bowl Task Force for not commissioning an independent study aided by economists before announcing that the January 28 event would have an economic impact of $250 million on the Tampa Bay area bringing more than 100,000 visitors to the area (no figures were cited beyond Tampa, and this figure was no doubt based on the averages cited above from past studies, which in part mixed metro and state results). He made his familiar argument that the lack of sufficient excess capacity in a local economy prevents such a large output response following such dramatic short term increases in visitor demand for goods and services (including but not limited to hotel rooms and airline flights) and claimed that the 100,000 Super Bowl visitors merely displace other visitors who would have injected new spending into the region had there never been a Super Bowl. He has always argued that the primary effect of such mega-events is that local hotel (and perhaps other) prices increase creating at best significant distributional effects within the local economy. Thus, by distinguishing between "gross" visitors and "net" visitors, he argued that the net aggregate economic impact of a Super Bowl on Tampa and other host cities is much closer to $0. Finally, he cited "stable" gross sales figures for both Super Bowl and non-Super Bowl years for Tampa's previous 1984 and 1991 experiences as evidence consistent with his argument. When read by

the Atlanta business community not previously familiar with his academic writings, the reaction was clearly, "how can he be right?"

Since this argument was an obvious challenge to the legitimacy of the 2000 ASC study that I had participated in and approved, I felt compelled to respond (Seaman, 2001, which was a greatly shortened version of the full analysis). Among the rebuttal arguments that focused on the Atlanta situation in 2000 (many of which did not survive the editorial cuts) were the following:

1) The $215 million impact on metro Atlanta represents about 0.2 percent of the typical annual output of the Atlanta metro economy (interestingly, the same percentage figure later derived by Depken II for Houston).
2) Ignoring visitor displacement, the Atlanta study was extremely diligent in deriving the direct first round economic impact figures. It conducted visitor surveys and interviewed hotel managers, rental car facility operators, restaurant and other business personnel. It distinguished diversions of spending of local area residents (which entered as $0) from new spending by out-of area visitors (despite the fact that some local spending was in fact reimbursed by non-local corporate headquarters, and the real prospect that some local residents may have altered plans to spend vacation funds elsewhere to be present for this relatively unusual event), made adjustments for that portion of visitor spending that would immediately leave the area (as with hotel and other profits that flow to non-local corporate headquarters) and for payments to non-local vendors and suppliers of goods and services (such as the manufacturer and wholesale portions of the retail price paid by visitors).
3) It distinguished per diem food and entertainment spending by those staying in hotels (87% of visitors) from the somewhat lower spending for those items of non-hotel guests It adjusted lavish corporate entertainment spending for local area components, and applied the local/non-local distinction also to media spending. It slashed the NFL budgetary figures that applied to the promotion and execution of the Super Bowl to more accurately reflect that portion that would actually be paid to local vendors and workers, and adjusted ticket revenues to reflect only that portion that would accrue back to local organizations. And

despite the fact that some of the $7.5 million in local "bid" money paid to the NFL was recycled back into the local economy, none of those expenditures was included in the direct economic impact. In short, the $137 million of direct economic impact derived for metro Atlanta was the result of many conservative adjustments consistent with well-known criticisms of economic impact studies.

While Professor Porter would clearly applaud such adjustments, he would still ask whether most if not all of that $137 million in "injected spending" merely displaces spending that would otherwise have occurred without the Super Bowl. His own argument (2001a; 2001b) focused on Tampa, where he questioned the feasibility of the Tampa economy being able to adapt to a two-day extravaganza of massive increased spending demand (concluding that Tampa would have to double its sale of almost everything compared to its "normal" levels, even to absorb 25 percent of the $250 million claimed impact). Continuing to play devil's advocate against this argument, it is important to stress that the *direct* impact of the Super Bowl is derived over a much longer period than just two days (not only did the Atlanta survey find an average hotel visitor stay of 3.7 days, but the media arrives a week in advance of the event, the period from the start of setting up the stadium for the event and closing down afterwards is as much as 23 days, and NFL personnel are traveling to the host city to help with arrangements more than one year in advance).

Furthermore, the *total* impact (such as the $215 million for Atlanta) includes indirect longer-term impacts that may take months to be fully realized (applying a multiplier of 0.57 to the $137 million Atlanta direct impact yielded $78 million in such indirect impacts). In addition, Super Bowls are hardly unexpected events and the announcement that Atlanta was to host Super Bowl XXXIV was, in fact, made four years in advance. Thus, normal visitors and event planners have considerable time to make slight adjustments in their plans to visit the host city so as to avoid the last week in January, which is <u>not</u> a big tourist period in Atlanta[17] (although, admittedly, the increasing lead times for the organization of large conventions now can extends to significantly more than four years). In fact, three major Georgia World Congress Center (GWCC) events that are annually scheduled for January (including the massive International Poultry Show) took place as scheduled in 2000 (there were slightly more GWCC

[17] As fate would have it, the day of the 2000 Super Bowl in the Georgia Dome was one of the coldest for that date in Atlanta history. January is normally much less extreme, but never particularly pleasant.

events in January 2000 than there were in January 1999). Thus, while the Atlanta study was sensitive to the displacement issue, it specifically rejected displacement as a serious issue requiring major adjustments to the findings.

But the *ex post* verification studies in the sports economics literature are compelling and cannot be ignored. To specifically demonstrate why displacement could in fact be minimal for Atlanta, consider the following data (note that all host cities have unique features that would require a separate case by case study; but it is likely that similar *a priori* considerations could also reduce the concern about displacement for some of these cities, while elevating it for others).

1) The value of all goods and services produced in Georgia in 2000 was over $220 billion. The large geographical area known as metro-Atlanta has somewhat over 50 percent of the state population, but is known to contribute more than that proportionate share to state output (probably about 55 percent). Since many counties make up metro-Atlanta, while most of the Super Bowl activity is more narrowly focused (although suppliers of goods and services, and the work force is not similarly limited), the 50 percent figure yielding $110 billion per year in local "productive capacity" is reasonable.
2) This can be translated into a per day output of goods and services of $301.37 million. The portion of the $137 million in direct impact (see above) representing visitor spending over the average stay of 3.7 days was $102.57 million, or $27.72 million per day. This is 9.2 per cent of normal metro Atlanta output. The remaining roughly $34.43 million in first round direct spending is generated by the media, corporations sponsoring huge parties and the NFL, and extends over at least one week (remember also that the period from "set up" to "close down" is actually 23 days). Assuming only seven days, this is an additional $4.92 million per day in additional demand for goods and services - only 1.6% of the normal output per day for metro Atlanta.
3) Thus, in short run aggregate terms, the Atlanta Super Bowl added no more than about 10.8 per cent to the customary metro demand for goods and services (a far cry from the 100 per cent increase cited by Professor Porter for Tampa). It seems

possible that a combination of existing "excess capacity" and both supply and demand adjustments to this long anticipated event would allow the Atlanta economy to meet this additional demand without crowding out other economic activity.

Just how possible this is can be evaluated by an analysis of hotel and airline capacity applicable to the 2000 period. Metro-Atlanta had about 75,000 total hotel rooms (15,130 of which are in the 25 largest hotels, which also have 585 suites). An average of Ernst and Young and PKF studies yielded an average Atlanta hotel occupancy rate of 65.9%. The Atlanta study identified 82,312 visitors (not all of whom had tickets for the game) staying in hotels. Given the advance notification of the event, it is hardly unlikely that at least a 25 percent adjustment in this rate would result from leisure and business travelers and event planners modifying their plans to avoid the last week in January (and with a customary room availability rate of 34.1 percent, they would not fear being unable to make that adjustment). This would yield an occupancy rate of 49.43 percent, leaving 50.57 percent of the rooms available for the Super Bowl without crowding out other visitors. The resulting available 7,651 rooms in "major" hotels, 30,276 rooms in "secondary" hotels and 296 suites (ignoring any such suites in non-major hotels) would accommodate Super Bowl visitors with average occupancy of a little over 2 people per room. A higher than 25 percent "advance notification" adjustment factor makes such accommodation much easier (and does not require full occupancy). There seems to be no intrinsic reason to believe that anything like Professor Porter's full displacement is the general case.

Not all host cities have the advantages of Atlanta Hartsfield International Airport (now Atlanta Hartsfield-Jackson International Airport), but then again, Hartsfield was straining in 2000 under the weight of serving 78.092 million passengers (the 1999 figure for domestic plus international, arriving plus departing passengers), and 909,911 total aircraft operations (also 1999).[18] The Atlanta study identified 65,250 non-local game spectators, plus 29,362 "multiple day" non-game attending visitors (not including "day trippers" who drove to Atlanta for a day of Super Bowl atmosphere). Of the 29,362 visitors to metro Atlanta who did not have tickets to the game itself, 20 percent were estimated to be Georgians, some of whom would also have driven. And a larger than normal percentage of the other 80 percent of non-attendees as well as those attending the game may have driven, since the relatively local Tennessee Titans team (from the bordering state to the north) were playing in the game. Of course, media personnel also had to arrive in Atlanta, most by air.

If 80,000 people had to fly to Atlanta, staggering their arrival over about a four day period, and their departure over a two day period, an additional per day average of 20,000 arriving passengers prior to January 30, and 40,000 departing passengers after January 30 would have to be served. With about 106,977 passengers landing per day at Hartsfield (destination plus transit), this 18.7 percent increase in arriving passengers would be burdensome, but hardly impossible to accommodate with some combination of higher occupancy on existing flights and the voluntary shifting of normal travelers away from the last week in January to other dates. For example, with an average of an astonishing 1,246 landings per day (about 1 per minute over an 18 hour day), 20,000 more people per day could be served by filling an average of 16 more seats on each landing aircraft. Double that number of available empty seats would be needed to accommodate visitors leaving Atlanta over only two days. Of course, those projections assume no advance notification scheduling adjustment, so that in reality, there would be fewer needed available empty seats. Again, there is no reason to believe that Professor Porter's view that full displacement is an inevitable result is correct.

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[18] While some of the Hartsfield data (and the prior Georgia World Congress Center data) are easily available, this analysis of both hotel and airport capacity issues is greatly facilitated by having done two economic impact studies of Hartsfield Atlanta International Airport since 1990 and a study in 2000 of the Georgia World Congress Center..

But what about the *ex post* empirical data cited by Porter? Here, the focus is not on his published econometric work (e.g. Porter, 1999), but on his representations focused on the Tampa case. Porter (2001a) cites evidence that recorded January sales in Hillsborough County (the primary country in the five county Tampa metro area) were never measurably higher in the Super Bowl years of 1984 and 1991, and in fact were somewhat lower in those years compared to 1983 and 1985 and 1990 and 1992. He suggests that this has, in fact, been true of all Super Bowls - recorded sales in January "do not respond to the presence of a Super Bowl."

And, in fact, the Georgia Department of Revenue reported that total "distributions" in March for various local option sales tax revenues generated in January to Fulton, Cobb, DeKalb and Gwinnett Counties (including the MARTA 1 percent tax for Fulton and DeKalb Counties) were 14.6 percent *lower* in 2000 than they were in 1999. Of course, they also reported that such revenues were 27.8 percent *higher* in 1999 than they were in 1998. Department personnel were unwilling to speculate about these baffling figures (while the economy began slowing down in late 2000, the consistently strong economy in all three years would predict neither the magnitude of the surge in January 1999 revenues, which predated any "wealth effect" from the 1999 dot.com boom, nor the sizeable drop in early 2000 revenues linked to the collapse).

While a more steady growth pattern in these three- year reported revenues would, indeed, have been more consistent with general knowledge of the Atlanta economy as well as more helpful to the pro-Super Bowl argument, nothing in the figures as they stand proves that there was no positive net economic impact of the Super Bowl. Porter has generally not argued that Super Bowls cause sizeable actual declines in local sales tax collections (although Baade and Matheson, 2001 do claim outright negative economic effects related to Major League Baseball All Star games). In fact, the Atlanta study's projected local tax revenues from the Super Bowl could merely be viewed (self-servingly, as usual in such situations) as having prevented an even larger drop in such revenues (a drop of about 16 percent). Such "casual" statistics are suggestive, but not determinative, and clearly nothing said here can substitute for a more thorough econometric analysis in the spirit of those being increasingly done in the sports literature

(e.g. Porter, 1999; Coates and Humphreys, 2001; 2002; Baade and Matheson, 2000; 2001).

In this context, the positive employment findings of Hotchkiss et al. (2003) regarding the 1996 Atlanta Summer Olympics based on sophisticated empirical techniques is important in preventing any rush to judgment that empirical analysis will inevitably invalidate the major findings of economic impact studies. Even more remarkably, their finding that such job gains were as high as 293,000 is a seemingly rare case of the *ex post* economic impact exceeding that predicted by an economic impact study. Humphreys and Plummer (1994) projected 77 thousand full and part-time job gains (Table 4).

Furthermore, the above discussion of the Atlanta Super Bowl debate at least suggests that the extent to which local hospitality and transportation infrastructures would generate full displacement and zero economic impacts will vary across events and locations, and that net positive economic impacts from major events that generate significant gross visitor flows cannot be ruled out. Supply constraints do, however, clearly represent a factor that must be considered in determining the magnitude of overstatement inherent in short run economic impact studies, and the absence of more explicit considerations of such constraints in studies of major cultural events is a potentially troubling weakness even in otherwise well-designed "sophisticated" economic impact studies.

III. Summary

Coates and Humphreys (2001) concede that there is a legitimate issue in using a Standard Metropolitan Statistical Area (SMSA) as the unit of analysis of the potential adverse economic effects of a sports strike or the departure of a sports franchise, observing "perhaps SMASs are large enough relative to the size of a professional sports team to obscure the effects of a strike" (p. 740). While they go on to defend their choice of that unit of analysis, other sports economists conducting *ex post* statistical tests of economic impact claims have cautiously recognized the complexity of isolating such effects, or interpreting the absence of any evidence of such effects. However, the sentiment is clear that given the nature of the claims being made by economic impact studies, especially for the larger tourist based events, there should be *some* evidence of a footprint in the sand of the local economy.

While everyone involved in the sports literature recognizes the need for further research to clarify these questions, and there is a clear opening to apply such statistical techniques to arts cases as well to further determine whether the literature on arts festivals is fundamentally flawed, the following summary observations can be made:

- Porter's claim that the primary local impact of Super Bowls and other mega-sports events is on higher hotel prices and revenues must be squared with well-known "anti-gauging" agreements that are required by the National Football League (and also typically by the International Olympic Committee). While economists would naturally be skeptical of the efficacy of such agreements, it cannot just be presumed that they are totally devoid of substance. As noted by Depken, II and Wilson (2003), there is evidence that hotel occupancy rates are between 1.24 percent and 7.3 percent higher than the same month of the previous year when a city hosts the Super Bowl, suggesting that there are quantity as well as price adjustments to mega-event demand shocks.
- At the same time, the Depken, II and Wilson (2003) observation that "most economic impact studies implicitly assume that hotel occupancy would have been zero without the event" is too strong a characterization. As revealed by the detailed examination of hotel occupancy issues regarding the 2000 Atlanta Super Bowl, an assumption of zero hotel occupancy is certainly not required when arguing that a Super Bowl can have some net positive economic impact.
- The Hotchkiss et al. (2003) empirical findings that the 1996 Atlanta Summer Olympics did have a noteworthy effect on job creation (not merely very short term), and that this effect exceeded that predicted by standard economic impact studies is either a total anomaly or a warning that careful empirical analysis of the actual experience of regions with large tourist events need not always generate "negative" findings.
- There is some tension between the claim that local economies should reveal "footprints" of expanded economic activity in the wake of major sports (or arts) events, and the observation that when the economic impact

figures are normalized by the size of the local economy, such impacts (even if overstated) are very small percentages of normal local economic activity (a figure of 0.2 percent was cited for both the Atlanta and the Houston Super Bowls, and would seemingly be much lower for the many arts festivals, although those festivals often take place in very small communities, hence suggesting that the percentage of economic activity represented by cultural events may well exceed that of major sports events). Opponents of public funding of stadiums and sports teams will make this argument that any economic effects are "trivial" compared to the taxpayer investments being demanded. But if they are indeed trivial, how serious can the supply constraint problem really be?

- In resolving the tension between those two arguments, an analogy might be drawn with the negative relationship between the size of a regional multiplier and the size of the region itself. Just as this relationship naturally limits the size of any economic impact (since a larger region will have a larger multiplier, but *ceteris paribus* will have a lower proportion of out-of-region visitors to events and institutions relative to locally based consumers, hence generating a smaller direct base impact upon which to apply that larger multiplier), there is a similar relationship operating on the supply-side. A local area that already has a well-developed (large supply) of tourist related services and infrastructure is no doubt already a major tourist attraction (either for leisure travelers, e.g. San Francisco, or for business travelers, e.g. Atlanta). Hence, a major event scheduled for that city would seemingly be more easily accommodated by that infrastructure, yet would be more likely to interfere with the travel plans of those already planning to visit for entirely different reasons. Contrast that with a smaller city such as Jacksonville, Florida, with a much more limited hospitality sector (hence generating the plan to house Super Bowl visitors to the 2005 game off shore on cruise ships), but also with a much smaller steady-state flow of normal visitors making demands on that infrastructure. This classic

simultaneity problem needs to be further explored as part of the effort to clarify the importance of regional supply constraints.

Regardless of the status of the current debate on regional supply constraints in sports, it is clear that arts economists need to join this debate in a serious way.

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From: "Law Offices of J. Byron Fleck" <jbyronflecklaw@sbcglobal.net>
To: Jennifer Sparacino <jsparacino@ci.santa-clara.ca.us>, Carol McCarthy <cm...
Date: 5/10/2007 10:31 AM
Subject: Public Records Act Request
Attachments: City_of_Santa_Clara_Letter.051007[1].pdf

Dear Ms. Sparacino and Ms. McCarthy:

Attached please find the referenced request submitted on behalf of Karen Hardy. Please contact this office with any questions and to arrange for pick-up or delivery.

Thank you.

Byron

J. Byron Fleck, Esq.
LAW OFFICES OF J. BYRON FLECK
160 W. Santa Clara Street, #1100
San Jose, CA 95113
Tel: (408) 298-7482
Facsimile: (408) 297-3360
jbyronflecklaw@sbcglobal.net

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Facsimile Transmission

To:	Jennifer Sparacino, City Manager	Fax: (408) 241-6771
From:	J. Byron Fleck	Pages, including cover sheet: 3
Date:	May 10, 2007	Case: Public Records Request.

LAW OFFICES OF J. BYRON FLECK
160 West Santa Clara Street, Suite 1100
San Jose, CA 95113
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Facsimile Transmission

To:	Rod Diridon, Jr., City Clerk	Fax: (408) 241-6771
From:	J. Byron Fleck	Pages, including cover sheet: 3
Date:	May 10, 2007	Case: Public Records Request.

LAW OFFICES OF J. BYRON FLECK
160 West Santa Clara Street, Suite 1100
San Jose, CA 95113
(408) 298-7482
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J. BYRON FLECK

May 10, 2007

Via U.S. Mail and Facsimile Number (408) 241-6771

Ms. Jennifer Sparacino
City Manager, City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Mr. Rod Diridon, Jr.
City Clerk, City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Public Records Act Request/San Francisco 49ers

Dear City Manager and Clerk:

I hereby request that the following documents be made available for inspection and copying:

Any and all public records as defined in Government Code Section 6252(e), existing in the form set forth at California Government Code Section 6252(f), relating to:

(1) Any and all confidentiality agreements between the City of Santa Clara and the Yorks and/or the San Francisco 49ers.

(2) Any and all documents and/or writings of any kind disclosed and/or produced pursuant to any confidentiality agreement between the City of Santa Clara and the Yorks and/or the San Francisco 49ers.

(3) Any and all documents prepared and/or distributed including any notes made at or shortly after the City Council's closed session held on May 7, 2007, relating to the Yorks and/or San Francisco 49ers.

(4) Communications between any city employee, mayor, city council member, or commissioner, and any member of the San Francisco 49er organization or any agent, consultant, lobbyist, or independent contractor acting on behalf of the San Francisco 49ers.

(5) Communications between the mayor and any city council member, commissioner, city employee or any other person regarding the San Francisco 49ers.

(6) Communications between any city council member and the mayor, commissioner, city employee, or any other person regarding the San Francisco 49ers.

(7) Communications between any member of any city commission and the mayor, any city council member, city employee, or other person regarding the San Francisco 49ers.

(8) Communications between any city employee and the mayor, city council member, other city employees, or other person regarding the San Francisco 49ers.

(9) Any and all records or writings of any kind made by the mayor, city council member, any commissioner, any city employee, or any consultant acting on behalf of the city made in preparation for any closed council session, or during the course of such session, regarding the San Francisco 49ers.

The relevant period for the requested documents is March 29, 2007 through May 9, 2007.

I respectfully request your response within ten (10) days from the date of this faxed and mailed letter.

Thank you in advance for your anticipated courtesies.

Very truly yours,

J. Byron Fleck
JBF:kdw

LAW OFFICES OF J. BYRON FLECK
160 West Santa Clara Street, Suite 1100
San Jose, CA 95113-1733
(408) 298-7482
Fax: (408) 297-3360

J. BYRON FLECK

May 10, 2007

Ms. Helene Leichter
City Attorney
City of Santa Clara
1500 Warbuton Avenue
Santa Clara, CA 95050

VIA E-MAIL
hleichter@ci.santa-clara.ca.us

Re: Stadium Funding Measure

Dear Ms. Leichter:

Attached please find my letter requesting that the referenced matter be placed on the City Council Agenda for May 15, 2007, for action by the Council. The text of our proposal is cited in the letter.

In my research, I have found no legal impediment which would preclude the Council from voting on our request as drafted, if they so elect. If your research has discovered contrary authority, or if there may be any other legal reasons why the Council could not vote on the matter on May 15, would you please be so kind to inform me at once.

Thank you for your anticipated courtesies and cooperation.

Very truly yours,

J. BYRON FLECK, ESQ.

JBF/get
Enclosure

cc: Karen Hardy

LAW OFFICES OF J. BYRON FLECK
160 West Santa Clara Street, Suite 1100
San Jose, CA 95113-1733
(408) 298-7482
Fax: (408) 297-3360

J. BYRON FLECK

May 1, 2007

Ms. Jennifer Sparacino, City Manager
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Stadium Funding Measure

Dear Ms. Sparacino:

On behalf of Ms. Karen Hardy and myself, we respectfully request that the following items be placed on the Santa Clara City Council agenda for the meeting of Tuesday, May 15, 2007 or as soon thereafter as the matter may be heard and acted upon by the City Council:

1. It is requested that the Santa Clara City Council commit that any proposal involving the appropriation of any City or City Agency or City Utility money, property or indebtedness, for the construction of a football stadium, be first submitted to the voters of Santa Clara for approval or rejection.

2. We additionally request that the Council direct that the Stadium Funding Measure be placed on the February 2008 primary ballot.

Thank you for your continuing courtesies.

Very truly yours,

J. BYRON FLECK, ESQ.

JBF/get

cc: Mayor
Santa Clara City Council

LAW OFFICES OF J. BYRON FLECK
160 West Santa Clara Street, Suite 1100
San Jose, CA 95113
(408) 298-7482
Fax: (408) 297-3360

J. BYRON FLECK

May 10, 2007

Via U.S. Mail and Facsimile Number (408) 241-6771

Ms. Jennifer Sparacino
City Manager, City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Mr. Rod Diridon, Jr.
City Clerk, City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Public Records Act Request/San Francisco 49ers

Dear City Manager and Clerk:

I hereby request that the following documents be made available for inspection and copying:

Any and all public records as defined in Government Code Section 6252(e), existing in the form set forth at California Government Code Section 6252(f), relating to:

(1) Any and all confidentiality agreements between the City of Santa Clara and the Yorks and/or the San Francisco 49ers.

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(4) Communications between any city employee, mayor, city council member, or commissioner, and any member of the San Francisco 49er organization or any agent, consultant, lobbyist, or independent contractor acting on behalf of the San Francisco 49ers.

(5) Communications between the mayor and any city council member, commissioner, city employee or any other person regarding the San Francisco 49ers.

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(7) Communications between any member of any city commission and the mayor, any city council member, city employee, or other person regarding the San Francisco 49ers.

(8) Communications between any city employee and the mayor, city council member, other city employees, or other person regarding the San Francisco 49ers.

(9) Any and all records or writings of any kind made by the mayor, city council member, any commissioner, any city employee, or any consultant acting on behalf of the city made in preparation for any closed council session, or during the course of such session, regarding the San Francisco 49ers.

The relevant period for the requested documents is March 29, 2007 through May 9, 2007.

I respectfully request your response within ten (10) days from the date of this faxed and mailed letter.

Thank you in advance for your anticipated courtesies.

Very truly yours,

J. Byron Fleck
JBF:kdw

Carol McCarthy - Noll fan analysis

From: JC Rowen <jcrowensanjosestate@yahoo.com>
To: <mayor&council@ci.santa-clara.ca.us>, <jsparacino@ci.santa-clara.ca.us>, Carol McCarthy <cmccarthy@ci.santa-clara.ca.us>, <attypatty@sbcglobal.net>, <jamie@jamiemcleod.org>, <patkolstad@aol.com>, <califdems@aol.com>
Date: 5/10/2007 9:10 AM
Subject: Noll fan analysis
CC: <jpatel@mercurynews.com>, Mike Swift <mswift@mercurynews.com>
Attachments: Timmons_Andrew[1].pdf

This paper, authored, by a student of Roger Noll, shows how public support for a stadium can be achieved

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Winning on the Field and at the Ballot Box: The Effect of the Fan Base on Stadium Subsidies

Andrew Timmons
June 2, 2006
Public Policy Honors Thesis
E-mail: atimmons@stanford.edu
Advisor: Professor Roger Noll

ABSTRACT:

Proponents praise stadium projects as beacons of development, but this may not be true. Yet, ballparks and stadiums continue to be built, partly due to league monopoly and partly due to fan influence. This study will look at the relationship between fans and stadium financing proposals. This relationship will be tested using attendance, which is one measure of support for a given team. Wins and higher team quality encourage fans to attend games. Using two-stage least squares, a model is developed to see how these factors influence the stadium financing approval process. The first stage develops a forecasted attendance model, which is applied to stadium vote results for analysis on stadium finance projects. Results supporting the hypothesis would suggest a clear way for teams to be successful for these initiatives. The results suggest that success on the field helps in the process, but is not required. Several critical public policy conclusions are drawn from these results.

KEYWORDS: Stadium Financing, Major League Baseball, Attendance, Fans

TABLE OF CONTENTS

ACKNOWLEDGEMENTS:

I would like to thank my thesis advisor, Roger Noll, for his help, support, and advice during the thesis writing process. I could not have completed the paper without his assistance. I would also like to thank Geoffrey Rothwell for his comments and guidance throughout the year, especially in formulating the topic. I would like to recognize Mary Sprague for her help during the Public Policy Senior Seminar. Special thanks to my dad, John Timmons, and Annalisa Zulueta for their valuable help in editing the paper. Finally, I would like to thank my parents and the rest of my family for their continued love and support throughout the thesis writing period and my Stanford career.

INTRODUCTION

The data and literature clearly indicate that sports facilities are not the engines of development they are heralded to be. Proponents argue stadiums create jobs because people will spend money in the stadium area, enhance the city's reputation by being a "major league city," bring businesses to the city, and support city coffers through additional tax revenues and lease payments.

This paper measures the importance of a team's fans during the process of obtaining approval for financing and construction of a new stadium. I developed a model to test how fan support affects the stadium financing approval process. Fans, as a group, reveal a higher willingness to pay for a new stadium than non-fans because they support the team. Fans may give more weight to the team's interests than in the economic realities of a particular stadium proposal because they want to keep their team in the area. These effects would be increased when the team wins because success creates more fans and greater emotion surrounding the team. I hypothesize that the effect of an increasing fan base immediately before a stadium vote will likely have a positive effect on the probability of success of the team in getting the financing of a new stadium approved.

Modeling the behavior of fans is difficult given the multiple ways to support a team. For example, a fan can support a team by attending the game, watching on television, purchasing merchandise, or following a team in the newspaper. A perfect measure of fan base would mesh all the methods for city residents to follow a team. For the purposes of the model, I will look at one way to be a fan, attending the game. Using one component of fan base, team attendance, makes it possible to evaluate the relationship between fans and the voting on new stadium financing proposals. To test this relationship, I conducted a two-stage least squares regression

(2SLS), with the first stage measuring predicted attendance figures, and the second stage analyzing the relationship of attendance and voting.

WHY MAJOR LEAGUE BASEBALL?

I will focus on stadiums built by Major League Baseball (MLB) teams from 1990-2005 based on the conclusions in the literature (Quinn, Bursik, Borick, and Raethz's, 2003, Alexander, et al, 2004). According to Quinn's (2003) study analyzing the effect of new facilities on wins after the park is built, a new stadium only increases wins in MLB. The structure of MLB encourages investment into stadium projects more than other major sports leagues: National Football League (NFL), National Basketball Association (NBA), and National Hockey League (NHL). MLB plays a 162-game schedule beginning in April and concluding in October with the World Series. Since teams play 81-game home schedules, the ballpark is used more frequently than a NFL stadium or NBA arena. However, the level of attendance may vary by game because of the increased opportunities to attend games. Baseball stadiums have greater ability to attract fans because of the sheer number of games played each season. These characteristics make baseball the ideal sport to study the effects of fans on voting for stadium financing approval.

BACKGROUND

Major League Baseball has 30 teams divided into two leagues in 26 metropolitan areas. Between 1990 and 2005, four teams entered MLB as expansion franchises, two in 1993 and two in 1998. This created a 14 team American League and a 16 team National League. Each league is split into three divisions, West, Central and East. The champion of each division and one wild card team (the team with the next best record overall) from each league make the playoffs for the

right to compete in the World Series. The World Series matches the champion from the National League playoffs against the champion of the American League playoffs.

The 26 markets where baseball is played have vast differences in market size, yielding large differences in revenues collected by each team. Following the 1994 players' strike, MLB instituted a revenue sharing system. However, this system does not balance the revenue streams as equitably as the NFL's system, which is widely thought of as having more competitive balance (Zimbalist 2002). As a result, the New York Yankees have the ability to spend much more on payroll than teams from smaller markets. In 2006, the Yankees have four players with salaries higher than the entire total Florida Marlins payroll. Such differences have allowed teams from large markets to dominate the league. While small market teams, such as the Oakland A's or the Marlins have had success, these teams are exceptions to the rule that large market teams with larger payroll dominate the sport.

This inequity forces owners to seek alternative sources of revenue. The most common argument in support of a new stadium financing proposal is that a new stadium will allow the small market team to remain competitive with the New York Yankees and other large market teams (Sheehan 2001). MLB Commissioner Bud Selig reflects this attitude in commenting that a new stadium for the Kansas City Royals is necessary for their survival (deMause, 8/2/02). In retrospect, new stadiums did little to increase competitive balance, as small market teams, like Pittsburgh and Detroit, did not significantly improve their on-field performance even with new stadiums.

It is important to note that even large market teams have incentives to build new stadiums. Money spent on a new ballpark is deducted for ten years following the opening of the ballpark (Local Revenue Sharing Rule of 2002 MLB CBA). This has given an incentive to large

market teams to modernize their stadiums as well to avoid league mandated revenue sharing with other teams because they are able to deduct money they spend on a new ballpark over the ten-year period. While they may not solve the competitive balance problems in MLB, new ballparks have served to increase ballpark-related revenue in the short term, yielding an economic boon to team owners.

BALLPARK HISTORY

Since 1989, nineteen ballparks have been constructed with varying amounts of public funds financing the project. The St. Louis Cardinals completed the most recent construction project, with their new ballpark opening at the start of the 2006 season. Seven teams (Washington Nationals, New York Mets, New York Yankees, Florida Marlins, Kansas City Royals, Minnesota Twins, and Oakland A's) are in active discussions with their respective city and state officials to build new stadiums. The Washington Nationals is the MLB team with the next stadium in the pipeline to be built. The Nationals are in the latter stages of contentious negotiations with the D.C. City Council to finalize financing for the most expensive stadium of the most recent stadium construction boom (Lemke, Tim, The Washington Times, March 16, 2006). On May 4, 2006, one day after a new ownership group was put into place, the team and city officials broke ground on the project. Minnesota and Florida have proposals before their respective legislatures, but funding gaps remain in the financing proposals. Despite having significant renovations done to its ballpark during the 1990's, Los Angeles Angels Owner Artie Moreno has voiced the need of a new ballpark for his club in the near future (Shatkin, Bill, Los Angeles Times, Nov. 22, 2005, D1). Like the Angels, although the Los Angeles Dodgers have not had significant discussions with city officials, given the age and relative condition of Dodger

Stadium and the recent sale of the team to a real estate developer, a concerted effort by the owner to get a new stadium for the team to play in seems likely.

The two teams with no current desire for a new ballpark play in the most historic ballparks in baseball, Chicago's Wrigley Field (White Sox) and Boston's Fenway Park (Red Sox). In 2001, Boston ownership did submit a proposal to build a ballpark across the street from its current site. The opposition was so significant that the team eventually abandoned new stadium plans.

The life of the new ballparks is between 30 and 40 years, which means new stadium financing will be less active in the near future since most teams have a new ballpark (Rosentraub 1997 and Long 2005). However, baseball teams will likely campaign for new stadiums when their respective ballpark has exceeded its usefulness to the team, independent of the economic costs to the city. Many of the stadiums built in the 1990-2005 construction boon replaced stadiums that were still functional. However, teams do not want functionality; teams demand revenue opportunities in the form of luxury boxes and higher priced seats, which are not available to them in less than state-of-the-art facilities.

Over the past century, architecture and style of ballparks has changed dramatically. In the 1920's, stadiums devoted to baseball were constructed. These primarily urban ballparks, like Fenway Park (Boston), Yankee Stadium (New York), and Tiger Stadium (Detroit), featured varying park dimensions with quirks like the Green Monster (Fenway Park), short porches in the outfield, and exposed steel architecture. Construction of ballparks ceased in the World War II era, but the next round of stadiums produced huge, multi-purpose stadiums. Designed for both football and baseball, stadiums like Jack Murphy Stadium (San Diego), Candlestick Park (San Francisco), and Veterans Stadium (Philadelphia) featured a huge stadium bowl that often left

baseball fans further away from the field than at older ballparks. These primarily suburban stadiums featured a concrete exterior with a large parking lot around the stadium.

The most recent stadium boom has been a return to the style of the older ballpark, but with more amenities and luxury seating. Exposed steel and brick are key architectural elements in just about every new ballpark, a trend that reemerged when the Baltimore Orioles started the 1990's stadium construction boom with their retro style ballpark, Camden Yards. These ballparks offer far more unique elements than the cookie-cutter stadiums of the 1960's and 1970's. Some examples of the unique elements in these new ballparks include a hill in the middle of center field (Houston), a building built into the outfield (San Diego), and a bay immediately behind the outfield fence (San Francisco). While it is indisputable that the quality of the fan experience has dramatically increased, these new ballparks are far more expensive than their predecessors.

From 1990 thru the end of 1999, ninety-five venues were constructed, or were in some phase of construction, in the four major sports leagues in the United States (MLB, NFL, NBA, and NHL). These venues cost an average $232 million per project, with the public responsible for two-thirds of this amount (Quinn, et al., 2003). The seventeen MLB stadiums were reported to cost a combined $4.8 billion dollars to build, of which almost two-thirds was covered by some form of public financing. Major League Baseball stadium projects give rise to important public policy issues given the frequency of construction and the millions of public dollars spent on these ballpark projects.

STADIUM FINANCING PROPOSALS

After complex negotiations between the city and the team, the public usually participates through a referenda process. Fort (1997) studies the results of the stadium proposals from the

period, 1974-1996. This paper will update that study to include the years, 1990 through 2005, in order to study how ballpark construction changed after Baltimore's Camden Yards was built. Every ballpark proposal from 1996-2005 was added to Fort's 1990-1996 sample to study the characteristics of the ballpark proposal process. Fort's sample showed 41% of the initiatives passed, while my sample of 35 stadium proposals had a 54% passage rate. Fort found that the referenda are almost always conducted by cities attempting to keep their teams. I will only look at cities with a team already in the area so that an established fan base existed. My sample includes referenda voted on by the public and proposals where the team announced a detailed plan for construction of a new stadium. I have identified 35 proposals made by 24 teams in the sample. Of the 35 proposals, fifteen were ballot initiatives voted on by the municipality.

Table 1: Stadium Proposals 1990 - 2005[1]

Team	Year	Description	Result	Constructed
Anaheim Angels	1997	Renovation of Anaheim Stadium to create baseball-only facility. Angels committed $88 million and the city $30 million to a three-year renovation.	Approved by City Council, 3-2	Yes
Atlanta Braves	1993	County passed $235 million stadium project in advance of the 1996 Olympic Games. Braves converted stadium after Games completion.	Approved by County, 6-1	Yes
Boston Red Sox	2001	Announced plans for a $665 million replacement for Fenway Park. The city council voted to oppose any public land takings.	Failed, 6-7 Council Vote	No
Cincinnati Reds	1995	Hamilton County vote for 0.5% tax increase to raise over $500 million for stadiums for the Reds and the NFL Bengals.	Approved, 61.4%	Yes
Cleveland Indians	1990	An Ohio state initiative for an excise tax to raise $344 million for an Indians stadium. Costs would split 50/50.	Approved, 61.4%	Yes
Detroit Tigers	1995	Two propositions that approved the ballpark and raised $40 million in bonds for the project.	Approved, 81.0%	Yes
Florida Marlins	1999	New owner John Henry asked Broward County officials for $300 million in public subsidies for a planned $400 million baseball-only park.	Failed to bring vote	No
Florida Marlins	2003	After World Series victory, the Marlins and Miami-Dade County announced plans to fund $210 million toward a new ballpark that would open in 2007. The deal later fell apart.	Failed to bring vote	No
Florida Marlins	2004	Marlins reached an agreement with the city of Miami and Miami-Dade County on a plan for a	Failed to bring vote	No

		$420 million ballpark. However, a funding gap could not be overcome and the deal fell apart.		
Houston Astros	1996	Harris County voters approved the construction of a new downtown ballpark. The $265 million ballpark was subsidized by $180 million in public money financed by a hotel and rental car tax.	Approved, 51.1%	Yes
Kansas City Royals	2005	Kansas City voters approved a three-eighth-cent sales tax to raise $425 million to renovate Kauffman and Arrowhead stadiums. A business tax generating $200 million for a rolling roof to climate-control the two stadiums failed.	Approved, 53.3%	No
Milwaukee Brewers	1995	Referendum to create "special funding source" for stadium construction. After failure, state legislature intervened to provide $310 million funding from a state tax.	Referendum failed, 36.1% Approved by legislature, 52-47	Yes
Minnesota Twins	1999	A ballot referendum on a plan for city, state, and team each put up one-third of the $325 million cost to be repaid out of taxes collected at the ballpark.	Failed, 58.0%	No
Minnesota Twins	2005	Team agreed with country on a sales tax proposal. Legislature did not vote on proposal in 2005. New discussions ongoing.	Failed to bring vote	No
Montreal Expos	2000	New team owner Jeffrey Loria presented the last plan for a new Expos ballpark in downtown Montreal. The pared down $200 million project was submitted to the city's Executive Committee	Failed to bring vote	No
Montreal Expos	2004	Council passed the $530 million stadium with less than a majority because three members voted "present." Deal later stalled in council.	Approved, 6-4-3	No
Washington Nationals	2005	Council approved a new lease, which caps the city's total cost at just less than $611 million, but did not cover cost overruns. Counted as approval but still may fall apart.	Approved, 9-4	No
New York Mets	2001	Tentative agreement with Mayor Giuliani for $800 million stadium.	Approved	No
New York Mets	2002	Following the September 11th attacks, Bloomberg had other priorities and announced that the stadium projects would be abandoned.	Abandoned	No
New York Mets	2005	The City Council announced plans to fund $2 billion in stadium funds for the Yankees and Mets with $256 million in city. Under the plan, the city will sell bonds of a combined $1.56 billion to finance construction.	Approved	No
New York Yankees	2001	Tentative agreement with Mayor Giuliani for $800 million stadium.	Approved	No
New York Yankees	2002	Following the September 11th attacks, Bloomberg had other priorities and announced that the stadium projects would be abandoned.	Abandoned	No
New York Yankees	2005	The City Council announced plans to fund $2 billion in stadium funds for the Yankees and Mets with $256 million in city. Under the plan,	Approved	No

		the city will sell bonds of a combined $1.56 billion to finance construction.		
Oakland Athletics	2005	On August 12, 2005, Athletics owner Lew Wolff proposed building a new ballpark for his team on a site just north of the Coliseum in Oakland. This proposal has not yet been voted on.	Pending	No
Philadelphia Phillies	2000	Philadelphia City Council approved a $346 million stadium project with costs shared between the state, city and team.	Approved by Council, 15-2	Yes
Pittsburgh Pirates	1997	Governor Ridge submits a plan to voters to increase the sales tax 0.5%. Even before the vote occurs, city officials prepare a backup plan. Plan B is announced days after the election and is passed in early 1998.	Referendum failed, 34.6% Approved by legislature, 136-36	Yes
San Diego Padres	1998	In November 1998, voters approved a plan to commit $275 million in public money toward a $411 million baseball stadium in downtown.	Approved, 59.6%	Yes
San Francisco Giants	1990	A Santa Clara County initiative for a one percent utility and parking tax at the new stadium to raise $153 million for a new Giants stadium.	Rejected, 49.5%	No
San Francisco Giants	1990	A San Jose initiative that sought approval for the city to use tax dollars to fund a new Giants stadium.	Rejected, 48.9%	No
San Francisco Giants	1992	A San Jose initiative that would allow the city to finance most of the $235 million project with a 1% increase in the utility tax.	Rejected, 45.5%	No
San Francisco Giants	1996	A referendum to voters to accept a ballpark, with no public funds for construction, but zoning exemptions to build the stadium.	Approved, 54.3%	Yes
Seattle Mariners	1995	A 0.5% sales tax to raise $240 million was rejected by voters. A special state-authorized Public Facilities District authorized the project.	Referendum failed, 49.9% Approved by legislature	Yes
St. Louis Cardinals	2001	The Cardinals and local government officials announced a $346 million stadium, with $200 million to be paid by the state, city, and county, funded by sales taxes in the stadium district.	Abandoned after proposal requiring public approval	Yes
St. Louis Cardinals	2003	The Cardinals decided to privately finance their ballpark. The team paid $90 million in cash and sold $200 million in private bonds, with $42.7 million in state funds for infrastructure.	State bonds approved by County, State Board	Yes
Texas Rangers	1991	An Arlington city referendum to raise the sales tax by 0.5% in order to raise $135 million.	Approved, 64.7%	Yes

1 For a description of the referenda between 1990-1996, See Fort, Rodney. "Direct Democracy and the Stadium Mess," Sports, Jobs and Taxes. p 161

Most studies only explain how the municipality or team is affected after the stadium has been built, but does not explain how the stadium first received approval. Given the low turnout

problem in many municipal elections, fans have the opportunity to affect the stadium financing approval process. Mobilizing the existing fan base may be essential prior to a stadium vote, since the votes of the fan base can significantly influence the outcome. If the model performs as predicted, the role of fans should be included as a significant influence in the stadium voting. Given the astronomical costs of these projects, the importance of this relationship on the public policy decision of the municipality in evaluating these projects should not be ignored.

EVALUATING STADIUMS AS MUNICIPAL INVESTMENTS : A LITERATURE REVIEW

Publicly funded stadiums have existed since the early days of professional sports. However, until the 1960's, most stadiums were privately owned. As the country's population expanded and travel became easier, teams relocated to the Sun Belt. Competition grew among cities wanting one of these newly relocated teams or an expansion team. Cities competed with each other for the available teams by the subsidies they offered to the teams for the construction of stadiums for their use.

PUBLIC INVESTMENTS

Sports facilities are public investments, meaning the projects should be analyzed based on net increases to economic development. Regional governments have finite budgets and granting a stadium subsidy reduces the available public money for other projects in the region. Okner (1974) claims public ownership of facilities can be justified if social benefits resulting from public ownership allow the total social costs of the project to be taken into account. Direct benefits include any incremental consumer surplus from the stadium and watching the team, and any externalities accrued to the city. Teams are successful with their stadium proposals because

they have linked themselves to overall economic development and the community's image, which increases their chances of stadium approval (Rosentraub 1997).

Successful professional sports teams bring prestige and a sense of civic pride to cities. Rosentraub argues the importance of sports in society allows teams to play on the psyche of the community. Proponents use these emotional ties to a given team to gain approval for the requested subsidies. While indirect benefits may make the proposal more appealing, Quirk found the net benefits were overstated on two cost-benefit studies conducted for the stadium project in St. Louis (Baade and Dye 1998).

OVERSTATED BENEFITS

Cost-benefit studies on ballpark projects miscalculate the return from the stadium and overstate indirect benefits. Okner (1974) argues when proponents calculate the benefits of ballpark projects, they often falsely assume teams bring extra visitors to the city, when in reality, a large portion of these visitors are visiting the city for a purpose other than to attend a sporting event. Noll and Zimbalist (1997) argue the appropriate baseline should be when the team is playing in the old facility, not without any team at all in the city. Cities often get replacements when teams leave. Moreover, the money spent at these facilities is for recreational activities by sports fans and are in lieu of recreational expenditure options throughout the city. The income generated by stadium development is only counted when it represents an increase in wages paid over what workers could have received when the economy is at full employment. While sports do have positive externalities, the research has clearly shown that these do not make up the new stadium subsidy.

The title of Noll and Zimbalist's book Sports, Jobs & Taxes was the slogan used by proponents of two ballot measures offered to San Francisco residents, which proposed replacing

the old Candlestick Park with a new football stadium and shopping center. Proponents argued the project would increase spending and create jobs throughout the region, especially in the low-income areas that surrounded the project. Baade and Sanderson (1997) suggest such employment benefits are overstated. Their analysis of the Seattle Mariners' Safeco Field ballpark showed that the Mariners created 2,249 mostly seasonal and part-time jobs in King County, which was only one-fifth of the estimate initially projected. Baade and Sanderson model a city's share of the state employment in the amusement industry based on the city's percentage population, the average hours worked, the number of teams in the area, and the number of stadiums. The statistically significant cities show job creation due to sports as less than 5% of the number of jobs in the entertainment sectors, meaning a new stadium simply does not increase overall employment levels in any meaningful way.

The new money spent as a result of a new ballpark does cycle through the economy because of the multiplier effect. The data suggests the multiplier should never be above two and should vary with the size of the city with smaller cities experiencing a lower multiplier than larger cities (Rosentraub 1997). Rosentraub and Nunn (1978) study the relationship between stadiums and economic indicators. The results suggest using a smaller multiplier for indirect consumption resulting from a new ballpark. Quirk found that multipliers used in cost-benefit reports were often higher, overstating the indirect benefits (Baade and Dye 1998). Rosentraub (1997) claims most of the revenue from ballpark operations is spent on players. Because most players live elsewhere, they do not have consumption and living habits that benefit the city. Thus, the funds spent on players will go to other places and not be subject to the local multiplier.

A sports franchise no matter how significant must be considered a small business in the context of a typical city economy. Sports are more important as cultural events than as a

business. While sports teams are certainly important components of a city's economy, they are not that different from any other business in the area. For example, in Jacksonville, the effective buying income of the Jacksonville Jaguar football team is only 0.04% of the total disposable income (Rosentraub 1997). The effective buying income is even smaller in larger markets. Quite simply put, sports teams are unlikely to be engines for growth because they have too few employees and too little direct expenditures. In no county do sports teams account for even one percent of total payroll and jobs. Rather than building a baseball stadium that would be used for only 80 days a year, a mall that would be used year round would bring a bigger return on investment. Accordingly, each community must decide for itself if investment in professional sports is worth the perceived corresponding increase in quality of life (Rosentraub 1997).

UNDERSTATED COSTS

Baim (1994) reports construction costs are consistently underestimated. It is not uncommon for actual costs to be over three times above what was originally projected. Noll and Zimbalist (1997) report estimates of costs are about 25 percent higher than the actual tax levied, making the subsidy more costly. Long (2005) agrees, claiming that most researchers only consider the construction costs because they alone produce small or negative net benefits, which leads to most estimates of public subsidies being underestimated. Total public subsidy is measured by calculating the present value of public development, net annual revenues, and foregone property taxes for the average 30-year life span of the sports facilities. Underreporting the real cost increases the public cost by 40% across Long's sample and the gap has been widening in recent years.

Baade and Dye (1988) test the prestige factor of getting an expansion or relocated franchise by comparing the changes in the city's manufacturing businesses. Their study looks at

personal income over time. Of the 14 variables used in the nine separate stadiums equations, only two variables show positive results from a new stadium. Baim (1994) argues Baade and Dye do not have enough data to conclude a negative relationship, though the data is sufficient to reject the possibility of a positive outcome. Baim conducts regressions to determine the effect of a baseball or football team in a city. He concludes there is evidence to support a link between sports and the ability to lure business. Baim argues baseball has the strongest ability to attract business, especially in smaller cities.

Further analysis suggests these projects can actually be detrimental to a city. Baim calculates an annual net present value (ANPV) of -$119 million for 14 stadiums. The model suggests that for every dollar the city invests, it will only recover 76.5 cents. When Alabama tried to subsidize the construction of a Mercedes plant, they were roundly criticized for creating bidding wars that would lead to subsidies of $200,000 per worker. When Arizona approved building their football stadium, the subsidy per job created would be $705,800, yet it was passed with little criticism (Baade and Sanderson 1997).

POST-CONSTRUCTION EFFECTS

Recent evidence indicates that new stadiums do not have prolonged attendance spikes. Higher team quality creates increases in attendance, since teams can acquire more talent with greater revenue. Noll and Zimbalist (1997) conclude team quality will be the same before and after the completion of the new stadium. Quinn, et al (2003) uses Gaschintz's data set to empirically answer how team quality changed when venue quality increased. The observations included winning percentages in the current year and in the periods both before and after the ballpark opens. In order to control for the cyclical nature of team success, the authors constructed a control data set from 1982-1996. The high negative coefficient for the average

winning percentage variable represents a cyclical effect. The results show that only for MLB is it possible to conclude a difference before and after the stadium is constructed, which is consistent with the other literature on the Major League Baseball effect (Quinn, et al). For the NBA, NFL, and NHL, there are no significant effects on increased competitive quality following the opening of a new venue. Since baseball owners are allowed greater control over their revenues, they are in a better position to improve their teams and further capitalize on a new stadium.

The costs greatly exceed the benefits for most of these projects, yet stadiums continue to be built. Governments and voters continue to make seemingly irrational decisions, despite ever-growing evidence that these projects cannot be economically justified. In the next section, I will look at causes inherent in the public and league institutions to explain why new stadium development has continued. I will also develop the rationale for studying the fan base as a possible explanation for continued approval of stadium construction projects.

EXPLAINING IRRATIONAL STADIUM CONSTRUCTION:

A LITERATURE REVIEW

Stadiums continue to be built because of three primary factors in league structure and rules. The monopoly power exhibited by the leagues creates scarcity, which allows competition between cities for teams to exist, whether real or imagined. The structure of leagues places some teams at a disadvantage due to their market size. The small market teams demand some form of subsidization to compete and city governments have been happy to oblige. The third factor is that voters lack enough accurate information to rationally evaluate a project. These three factors place the team in a superior bargaining position with the city, which it can exploit to maximize its chances of gaining the subsidy it seeks.

LEAGUE STRUCTURE AND RULES

The competition for franchises results from the structure of MLB. Leagues are organized as a cartel, which limits competition by acting as a barrier to entry. Competition would decrease the size of subsidies given that owners would only be able to get the market-clearing rate, rather than the monopolistic return they currently receive. With no barriers to entry, every city that can support a team, with or without subsidies, would have a team, reducing the value of the other franchises. Rosentraub (1997) claims subsidies are given to teams as a result of this "privileged position," the importance placed on sports, and the artificial scarcity and control enacted by the owners.

Fort and Quirk (1995) argue that monopoly profits earned by the league create incentives to inhibit entry and prevent rival leagues. The restrictions on entry strengthen the bargaining position of weak market teams with their cities. Franchise owners have the power to convince government officials to support their private goals. Baade and Dye (1988) argue that owners can enforce the threat of team relocation. Between 1970 and 1985, 22 sports franchises have moved, producing significant psychological, economic, and political costs to the affected cities. As Minnesota Governor Rudy Perpich says, "It's almost worse for a city's image to lose a major league team than to never have one at all"(Baade and Dye 266). Owners have increasingly threatened to move after not receiving everything they demand from a city.

There have been two strategies used by city officials to combat the demands made by the owners and restrictions imposed by the taxpayers. The first is to convince the public that the project is valuable in terms of economic benefits, and the second is to convince the team to share costs. Baade and Dye (1998) write, "A skeptic might suggest that optimistic construction costs are presented at the beginning of the process to make the project more palatable for taxpayers."

In the larger markets, Owen (2003) claims teams will play in older stadiums because they can earn greater profits than teams that play in smaller markets. Chicago, New York, and Boston are reluctant to give subsidies to new stadiums, yet smaller markets have been forced to replace old facilities with much newer facilities. Teams in large markets have stronger teams than teams in smaller markets because of higher revenue streams. Higher revenues lead to higher salaries for players, which in turn leads to the ability to attract and sign better players. While the small market teams need cross-subsidization from other teams, a team can improve its financial position by receiving additional subsides from the city in which it plays. The league will prefer public aid because the strongest teams will keep more of their revenues and increase the value of each team and the league as a whole.

DEMOCRATIC DILEMMA

The stadium proposal must be negotiated between the city and the team. Public votes are usually required after extended, complex negotiations to approve or deny the initiative. Fort (1997) describes the stadium mess as "local governments cav[ing] in to the ever-increasing demands of team owners"(147). Officials are rarely held accountable or influenced by public votes. Public officials are forced to choose between the status quo and the expensive stadium, without any room for less expensive options. The nature of direct democracy exposes the dispersed, low per capita costs and high concentrated benefits surrounding the ballpark project.

Fort describes a three person, majority rule spatial model to show that single issue voting creates undesired outcomes. In this spatial model, any outcome can be defeated by another combination, so turnout becomes very important. The sports fan will vote for his preference of a higher expenditure, while the less interested taxpayer may be less likely to turnout to vote. The per capita costs for members of the municipality are tens of dollars per year. Fans, journalists,

and those with a direct connection to the team will be very passionate about the new stadium and have a willingness to pay much higher than their per capita costs. Additionally, proponents are far more likely to make much larger contributions to support the initiative on the ballot. Moreover, traditionally the media have supported new subsidies by providing greater coverage of the project's benefits.

FAN SUPPORT

Fan loyalty creates different demands on sports teams. Since these organizations are for profit entities, they should be concerned with developing a higher brand loyalty because it will allow them to receive greater benefits from their fan base and local government. Depken (2000) argues that greater brand loyalty allows for a less elastic residual demand. Depken creates a model where attendance is based on some indirect measure of fan loyalty, prices, inputs of attendance, and the demand parameters. Wakefield and Sloan (1995) have attempted to use direct surveys to show that higher loyalty contributes to better attendance, but surveys are a poor measurement technique. Market-based research is difficult to gather and subject to significant variance. Depken's model allows for the comparisons of how the levels of fan loyalty affect the demand curve. For teams with low levels of loyalty, they stand to lose the most with marginal increases in ticket price or decreases in team quality.

Depken found that the Florida Marlins have a much higher fan loyalty rating then average. Despite the Marlins higher ratings, it has been more difficult for them to construct a stadium. The San Diego Padres have a below-average fan loyalty measure. Yet, in 1998, the San Diego Padres were successful in their ballot initiative for a new ballpark. The below average loyalty measure could have been offset by the Padres playing the Yankees in the World Series a mere days before the citizens of San Diego were to vote; perhaps the proposal would not

have succeeded at another time when the fan base was not as energized by the team's World Series appearance. Depken finds the Padres had very high fan strength after going to only the second World Series in team history. The Padres situation suggests developing the fan base is essential prior to a stadium vote. The vote offers an expression of area fans' attitude toward the team. Additionally, Depken argues wins from previous years have an important impact on fan loyalty and probability of success on the stadium initiative.

SUMMARY

In practice, all three forces driving stadium development are interrelated. Each aspect has components that are enhanced by the other and creates situations where teams and cities agree on large subsidies for modern stadiums. The perceived success of other new ballparks throughout baseball has become an additional factor encouraging cities to subsidize investment in stadiums and ballparks. Under these pressures for stadium development, it is rational for city leaders to agree on some project support. However, these three factors do not completely account for why stadium financing proposals are passed. Fort (1997) proposes further research on how the outcomes of the team on the field influences the result of the vote. Using Fort's comment as motivation, my thesis looks at the relationship between the fan base and the success of new stadium financing proposals.

A SIMPLE MODEL OF FRANCHISE BEHAVIOR

All baseball teams are assumed to maximize total revenue, though the assumption of minimizing costs may not be as accurate because of the desire for on-field success. Quirk and El-Hodiri (1974) conclude franchise owners are assumed to be motivated solely by profits, though the "sportsman-owner" may have other motivations. The desire for wins is not

completely separate from profit maximization though because as a team wins more games, more fans will attend them (Noll 1974) and the owner will benefit from a higher revenue stream and a higher franchise value. In that sense, a team maximizes profit by maximizing revenues while minimizing costs. While the owners may be willing to sacrifice profit to devote more costs to payroll, it is unlikely this attitude will transfer to other aspects of profits that are not perceived to affect on-field performance. Under these conditions, the team's profit function is simply

$$\pi = \text{Revenues} - \text{Costs}$$

Revenues are a function of P* Q, with P as average revenue and Q as attendance. Costs are a function with components: stadium maintenance and construction, player costs, marketing and advertising. The costs are related to revenue because methods of increasing attendance beyond a given baseline will always involve costs. Commonly these attendance-related costs include maintenance of the ballpark, which increase as more people attend; marketing, which grows attendance, yet also reduces profit; and player salaries, which increases team success and raises revenue by increasing attendance.

This profit function applies to the stadium finance initiative process, since organizations are faced with the decision whether to spend some of their revenue on a potentially costly ballpark. The payoff of the new ballpark is the increase in attendance, average revenue, and franchise value. According to the common argument used by a team for a new stadium, attendance and revenue are directly related to stadium quality. Average revenue increases because ticket prices are almost always higher in the new ballpark. Depken (2000) reports the trend towards construction of smaller stadiums has developed a greater scarcity for tickets. This scarcity allows for monopolistic prices to be charged to the advantage of the owners. In the

recent stadium boom, teams actively sought methods to increase average revenue through the increase of luxury boxes and seating.

To maximize profits, teams will campaign for public funds to build a stadium as a way to drive down their costs. The profit function implies owners will seek to maximize revenue from a new stadium while seeking to minimize their share of the cost of the new stadium. Given the stadium boom, significant increases in team revenue occur without major cost increases, as owners have been tremendously successful in negotiations with their respective municipalities. Of the 17 stadiums built after 1991, the average franchise value appreciation in the two years immediately following stadium construction was $87 million. This is a 44% valuation increase in just two years and does not specifically factor in increased operating revenue.

The more teams defray the costs by having the municipality pay for as much stadium costs as possible, the more profitable they will be. If a city refuses to make a deal with the team, the team will face a slightly different decision analysis and they will face higher costs. When stadium financing proposals made by a team are rejected by a municipality and the team proceeds without significant subsidies, the results are mixed. The San Francisco Giants funded their own stadium project after multiple failed ballot initiatives. The project has been hailed as a success, though as the initial attendance boom wanes, the team may be unable to afford amortization costs. Similarly, the St. Louis Cardinals determined the stadium project would still be worthwhile without significant subsidies. Alternatively, to this point, the Washington Nationals and the Florida Marlins have been unwilling to incur the majority of the costs associated with construction of the new ballparks they have been seeking.

The profit function must reflect that proposals are designed to ensure minimal winning coalitions (Fort 1997). Teams will structure proposals to create this, if possible, because it

allows the maximum benefit in terms of cost. The Giants were forced to fund their own project because they could not get voter approval of the stadium project. It was the best deal that the Giants could develop. The San Diego Padres, on the other hand, capitalized on the growing fan base following their 1998 World Series appearance by obtaining the highest subsidy approved by voters during the period of study. While the Philadelphia Phillies and Seattle Mariners had higher subsidy values, these financing proposals were not passed by voters, but rather by the City Council and State Legislature, respectively.

One method for teams to maximize profits on a stadium finance proposal is to increase the number of citizens in support at any fixed subsidy value. Given Depken's (2000) conclusion that fan loyalty increases probability of success on stadium finance proposals, inducing fan support can increase the likelihood of passage. According to the profit model, more fans will allow greater revenue opportunities with the new stadium. The incentive to build the stadium is clear under the simplified model of team behavior

As described above, the literature suggests three factors for why ballparks are built. These reasons do not describe how a team behaves, but rather how a municipality interacts with a team. It is important to follow the rationale for team behavior. A team will utilize its position of power to gain a negotiating advantage. Teams already develop their fan base in order maximize revenues. A larger fan base leads to large demand, which will increase both attendance and ticket prices. Because of this, fan base size corresponds well to the profit maximizing goals of the team.

The following reduced form model for the results of the initiative votes is derived from the teams overall profit function:

$$P(\text{approval}) = \text{Size of fan base}$$

The probability of the approval, P, depends directly on the size of the fan base. The question becomes how one goes about measuring the fan base for a team. I will use an econometric model to provide a functional form to attendance, which can then be applied to a stadium proposal vote. While attending games is just one part of being a fan, it is directly related to the profit function and can be measured with accuracy. A two-stage least squares regression will allow comparison of the disjointed measurements of attendance and votes.

The first stage will be the proxy for a fan base measure with the dependent variable of attendance. Attendance is an important component and the most visible method of supporting the team. Using the primary determinants of attendance, a standardized measure of attendance can be approximated. This will allow comparison between teams and regions. The values for the forecasted attendance can then be applied to the stadium proposal vote for the second stage.

The independent variables, which are logical determinants for a fan's choice to attend a game, are used to forecast attendance.

$$\text{Attendance} = B_0 + B_1(\text{Wins}) + B_2(\text{Quality of Players}) + B_3(\text{Ballpark Factors}) + B_4(\text{Controls})$$

This regression model will test predictions for the team's ability to increase attendance in anticipation of a stadium proposal. Holding fixed the independent variables and estimated parameters, a standardized attendance will be calculated using the data from each team. Instead of using the actual attendance, the forecast attendance will be an independent variable in the model of voting initiatives.

The analysis of the stadium financing proposals will involve both an OLS and Logit model to test the likelihood of passage of each proposal. This regression is similar to Depken (2000) where he runs a logit model to predict the results of a ballot referendum. Depken

concludes higher fan loyalty correlates to greater success in the election process. The vote model will be:

$$\text{Vote(Approval)} = B_0 + B_1(\text{Attendance}) + B_2(\text{Costs})$$

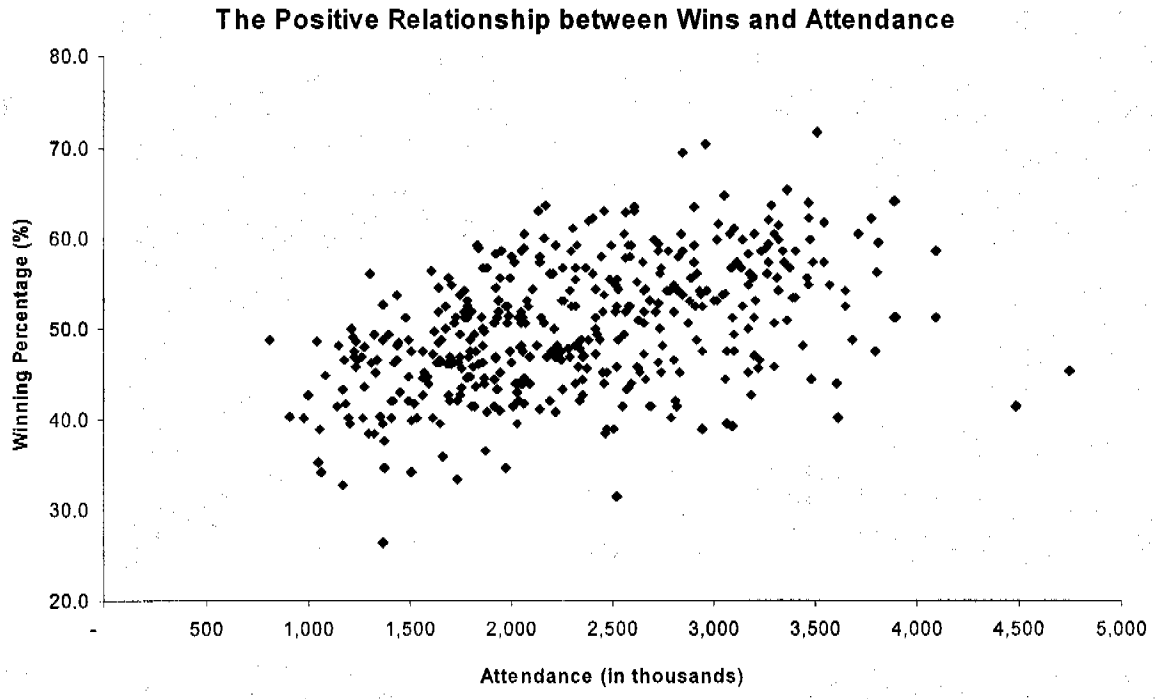
The cost controls across the different proposals and regions. I predict for teams with greater increases in attendance, the stadium project will have a greater chance of success. Since teams will seek minimum winning coalitions, a higher chance of success would yield a higher subsidy level with the same level of approval. This intuition is not reflected in the vote model, but is important to keep in mind for the application of the results. This prediction satisfies the conditions of the profit function for the team as improving the fan base would increase profits. This allows a higher subsidy level because the likelihood of fan support for the stadium proposal is higher.

MODELING ATTENDANCE

I will rely primarily on the models of attendance in the literature to create the forecast attendance variable to be used in the voting model (Noll 1974; Whitney, 1998; Winfree et al 2004; McEvoy 2005; among others). Much of the analysis in this section will be used to justify a particular variable or concept as a strong measure of attendance. Following the conclusions of the literature, municipal residents follow the team based on some combination of team success (wins), seeing high quality players, and enjoying the ballpark experience.

WINNING PERCENTAGE

Wins are the largest factor in modeling attendance (Noll 1974). One of the most appealing aspects of a new ballpark to fans is the promised success of the team. The city receives greater positive publicity; more people come to the ballpark and create spillover



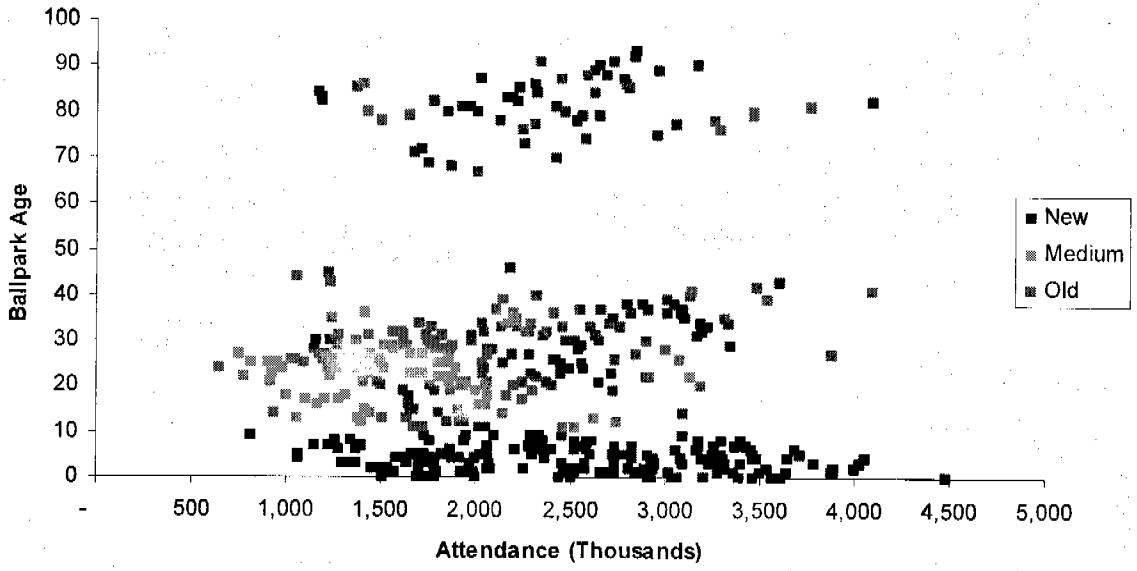
effects to neighboring areas. The positive externality of having a team is greater when the team is winning. When more casual fans and municipal citizens are interested in the team, the city will receive greater benefits from the team. Both profit for the team and goodwill towards the team increase. This goodwill may be essential when a close initiative comes to the ballot (Fort 1997, p.163). More people receive a positive externality from having the successful team in the city, which increases people's willingness to pay for a stadium and allows them to support higher subsidies.

All else being equal, more wins will encourage less passionate fans to support the team, which is especially important during a team's push for a new stadium. I use the winning percentage from the current year and the winning percentage one-year lagged. Wins are a proxy for team quality, because better teams will win more games.

BALLPARK

The quality of the ballpark is another important factor for fans to consider when deciding whether or not to attend a game (McEvoy, et al 2005). Fans are less likely to attend games when a ballpark is older because the overall experience will likely not be as enjoyable. Attendance has a curvilinear relationship with respect to ballpark age (McEvoy). Attendance increases during the honeymoon phase of a new ballpark (Noll 1974), falls as the facility ages, but increases again as the stadium becomes historical after the 48th year according to McEvoy. This creates three distinct sectors of the variable. McEvoy tests this relationship using ballpark age and (ballpark age)^2 to model the quadratic nature. I will incorporate this quadratic representation, but also test a dummy variable system. The graph of attendance and ballpark age shows distinct stage of stadium development.

Relationship between Ballpark Age and Attendance, An Illustration of the Three Phases of Stadium Construction



I will use dummy variables for an old ballpark and a new ballpark. An OLD ballpark is defined as being older than 50 years and a NEW ballpark is less than three years of age. For the medium

section of ballparks, I will use an interaction term of MEDAGE, which will give numerical age of the ballpark. This will cause attendance to fall as the ballpark ages. It is in this block where a one-year aging could lower the desire to go to a game. If a stadium is in the honeymoon phase or is a historic venue, a one-year aging will not matter as the attendance pattern at Wrigley Field (Chicago Cubs) and Fenway Park (Boston Red Sox) illustrate. The relationship between attendance and ballpark age illustrates why a dummy variable system can be successful.

Ballpark age is calculated based on the age at the beginning of the season. For instance, when Philadelphia's Citizens' Bank Park opened in 2004, the age of the stadium was 0. The ballpark age variable should have a negative relationship with attendance, while the NEW control variable should be positive. For teams with an old stadium, the variable will control for the increased attendance for the historic ballparks. These stadiums will likely not have the fall in attendance associated with the stadium aging one year because of the significance of the park in baseball history.

REGION SPECIFIC VARIABLES

The literature identifies the significance of market size (Hill, Madera, and Zuber 1982; McEvoy 2005, and others). Population (MSA) will serve as a proxy for market size as these studies suggest. The Metropolitan Statistical Area population numbers, as calculated by the United States Census Bureau, approximates the market size. The literature consistently uses the smallest possible statistical area, the metropolitan statistical area, to calculate the city and market size (Baim 1994). The size of the market varies significantly within MLB and should have a large effect on the assets of the team. Market size will likely have a positive relationship since the more people in an area means more possible fans to attend the game.

Another important variable is the income per capita (Income). As income increases for the market, more fans are willing to go to the game. As Noll (1997) discusses, recreation money is fixed, so increasing income should allow more money to be spent on the recreational activity of going to a game. Income data, taken from the Bureau of Economic Analysis (BEA), is measured by MSA. Because of the difficulty of converting the Canadian dollar, Montreal and Toronto are excluded for the same reasons. The exclusion of Montreal is also justified by the fact that the Expos were consistently an outlier in attendance. After failed bids to build the stadium, MLB took over the team with disastrous results. Low quality teams and ambivalence toward the team drove attendance well below league averages for most of the years in the study. One problem with the variable is BEA has only announced data through 2004. Using a three-year average growth rate, 2005 income data is extrapolated. Income data is adjusted for inflation and is expressed in 1990 dollars.

PLAYER QUALITY

Players contribute to attendance in two major ways- by increasing the number of wins and by attracting fans who want to see a specific player play. If a particular player has significant star power, attendance will increase. Winning percentage measures the success of the team on the field, while payroll represents the quality of players. Fans are drawn in by the presence of high quality players. The draw of the star player is exclusive from how these players increase attendance by adding more wins (Noll 1974). Higher payroll usually increases team quality, though this may not necessarily be the case as some teams may overpay for talent or suffer injuries to high paid players. The 1992 New York Mets illustrate this point perfectly (Klapisch 2005) as they had the highest payroll in the history of MLB at that time but won only 72 games and lost 103 in 1993.

Another factor influencing attendance is that owners promise during the stadium campaign to sign prominent free agents and keep the talent brought up through the minor leagues. According to Surdam (2003), the New York Yankees have been the highest road attendance team in the post-war era because of their success in those years. These road game attendance values have continued through today, as the Yankees are still the highest drawing road team. Payroll is expressed in 1990 dollars to eliminate the effect of inflation. Baseball payrolls skyrocketed during period of the study because of increased revenues collected by the sport. In 1990, the average payroll was $17.5 million, while in 2004, the average payroll was above $69 million. Using the inflation-adjusted value helps to deal with the disparity as nominal payroll showed significantly greater differences. Payroll should have a positive effect on attendance.

TICKET PRICE

Ticket price is calculated using the weighted average of the price based on proportions of seat type. Noll pioneered this concept in 1971 and released the data from 1971 to 1988. From 1991 on, the Team Marketing Report (TMR) has released this data. Fort has compiled this data from these sources into a single database. Ticket prices are expressed in 1990 dollars to eliminate the effects of inflation across the sample. Ticket prices will likely have a negative relationship with attendance because higher prices will further impact the recreational budget for each person and allow less games to be attended in a season.

CONTROLS

Attendance models in the literature have a series of dummy variables to control for changes in league or historic difference. I have adopted the use of three dummy variables as suggested by McEvoy. An AL dummy will account for the fact that American League teams

have traditionally had lower attendance than their National League counterparts. Expansion teams have had high attendance in comparison to the rest of the league because of the newness of the team. In 1993 and 1998, two teams in each year entered the league. Since all four cities were first time baseball markets, attendance was significantly higher than average. The final control variable will be a dummy for the year 1995. The league started this season late after canceling the end of the previous season. Attendance was lower throughout baseball as a result of the fan disenchantment arising from the strike. Since half the season was cancelled in 1994, the attendance numbers for each team were extrapolated based on average season attendance for the remainder of the schedule. Some teams had played more home games than others had, but this difference was incorporated into the final attendance data for the year.

DATA OVERVIEW

Table 2 shows the descriptive statistics for each of the variables described above. In order to have the coefficients of the attendance model standardized, market size, income, and payroll are expressed in millions of dollars. Attendance will be measured in thousands for the same reason. Another thing to note is that the mean of winning percentage is not 50.0% because of the removal the two Canadian teams. This leaves 427 observations over the 16-year sample.

Table 2: Descriptive Statistics

	Attendance[1]	Win %	Payroll[2]	Market Size[2]	Ballpark Age	Ticket Price	Income [2]
Mean	2321.30	50.5	36.1	24.104	26.70	11.06	24.11
Standard Deviation	719.83	7.1	17.77	3.273	25.28	3.49	3.27
Maximum	4746.47	71.6	137.68	36.363	93	29.76	36.36
Minimum	813.12	26.5	7.33	19.154	0	6.54	19.16
Observations	427	427	427	427	427	427	427

1 Attendance in Thousands
2 Data in Millions

In constructing the ideal regression for the fan base, it is important to consider the correlations of the variables (Table 3). One of the most striking observations when analyzing the matrix is the relationship between team payroll and wins. One would predict that wins and payroll would be more closely related, since presumably owners pay players at the point where their marginal cost equals the marginal benefit (Quirk and El-Hodiri 1971). Somewhat

Table 3: Correlation Matrix

	Atten.	Win %	Lagged Win %	Payroll	MSA	Ballpark Age	Ticket Price	Income
Attendance	1							
Winning Percentage	0.469	1						
Lagged Winning %	0.454	0.464	1					
Team Payroll	0.554	0.354	0.354	1				
Market Size	0.040	0.209	0.191	0.205	1			
Ballpark Age	-0.020	0.080	0.054	0.131	0.393	1		
Ticket Price	0.402	0.244	0.282	0.702	0.093	0.136	1	
Income	0.152	0.185	0.174	0.403	0.345	0.177	0.515	1

surprising is the low correlation between market size and payroll. It is commonly assumed that large markets have significantly higher payrolls than the smaller markets. After controlling for inflation, it would have been likely that this correlation increase. The highest correlation is between ticket prices and team payroll. This is not surprising given the predictions of the profit model. These teams have invested more in payroll in hopes of generating greater revenue. While certainly something to consider, these variables seem to measure different aspects of the decision to attend a game.

In order to check the conclusions of the literature on which variables have the greatest importance in explaining attendance, a data reduction in the form of a factor analysis was conducted (Table 4). The factor analysis finds three components that explain two-thirds of the variance. Looking at the component matrix, payroll, ballpark age, and winning percentage are

Table 4: Factor Analysis

	Component Matrix		
	1	2	3
Attendance	0.664	-0.470	0.076
Winning %	0.646	-0.175	0.425
Lag Winning %	0.661	-0.222	0.355
MSA	0.426	-0.305	-0.523
Income	0.554	0.687	0.172
Ballpark Age	0.288	0.714	0.075
Payroll	0.812	-0.156	-0.288
Ticket Prices	0.700	-0.107	-0.566
Historical Wins	0.631	0.168	0.421
% of Variance Explained	37.9%	16.0%	13.3%

the best matches of the components. Ticket prices also have a high correlation, but given the correlation of the two variables, this not surprising. However, the fact that payroll is the closest match suggests team payroll should be included in the final measure of attendance.

Analysis of Attendance Determinants

The regression results are in line with the intuitive predictions. In every regression run, wins have a positive effect on attendance and are statistically significant at the 99% level. Both winning percentage and lagged winning percentage are significant in every regression. When you remove lagged wins, the coefficient for winning percentage increases. The total effect of wins is higher when both wins and lagged wins are placed into the model. This suggests that the importance of winning can be spread out over multiple years. Since lagged wins are included in the literature, both measures of wins will be included. The coefficients stay around the same level in every regression. This implies that there is an "attendance" market with some kind of maximum. Every game won changes the winning percentage by 0.6, so winning a game would increase attendance by around 21,000, when looking at winning percentage without lagged wins. These regressions support using both measures of winning percentage in the final model.

Table 5: Attendance Regression Results

	Dependent Variable: Attendance (in Thousands)					
	1	2	3	4	5	6
Constant	-422.58	43.537	-41.80	-327.34	-364.95	-2,225.81
	(190.32)	(280.33)	(279.25)	(214.31)	(225.79)	(598.32)
Winning Percentage	33.57**	30.20**	29.16**	28.15**	24.24**	
	(4.19)	(3.99)	(4.02)	(4.02)	(4.27)	
Lagged Winning %	24.69**	17.65**	17.03**	16.78**	17.00**	
	(4.24)	(4.13)	(4.12)	(4.14)	(4.42)	
Payroll		15.11**	15.87**	15.53**	16.73**	
		(2.12)	(2.15)	(1.66)	(1.75)	
MSA	0.76	-6.53	-8.76			-13.10
	(7.20)	(6.89)	(6.95)			(8.24)
Ballpark Age	-12.67**	-10.18**				
	(3.91)	(3.71)				
Ballpark Age Squared	0.13**	0.09*				
	(0.05)	(0.04)				
NEW			170.72	162.70	284.25*	
			(91.61)	(91.72)	(96.30)	
OLD			-60.20	-129.27	-118.70	
			(96.09)	(88.29)	(94.31)	
MEDAGE			-2.39	-4.13	-0.10	
			(2.59)	(2.49)	(2.52)	
Ticket Price	53.08**	8.26	10.04			
	(10.10)	(11.43)	(11.170)			
Income	-0.02*	-0.02*	-0.02*			0.25*
	(0.01)	(0.01)	(0.01)			(0.10)
Strike Year	-458.21**	-408.88**	-412.81**	-395.92**		-515.66**
	(109.82)	(104.3)	(104.04)	(104.24)		(133.09)
Expansion	1275.41**	1408.34**	1371.88**	1377.22**		1534.00**
	(243.01)	(230.43)	(232.61)	(233.90)		(206.84)
AL	-238.31**	-108.84	-159.05**	-187.10**		-168.03*
	(55.34)	(52.93)	(54.17)	(52.78)		(64.66)
Historical Wins						82.94**
						(11.64)
R-Squared	0.462	0.509	0.522	0.512	0.436	0.192

Standard Errors in Parenthesis
* Significant at 95% level
** Significant at 99% level

Regression 1 is the model used by McEvoy (2005) and includes all of the elements standard across the literature. However, when you add payroll to this value the r-squared value increases dramatically. Since attendance and payroll do not have high correlation, payroll seems to have strong explanatory power. The first stage of measuring attendance is a forecasting

exercise, which suggests the higher r-squared value holds some importance. While wins and payroll are related, intuitively they measure different concepts. The results of the factor analysis suggest payroll is a valuable addition to the revenue model.

The effect of the ballpark age is significant in every regression. The ballpark age continuous variable behaves as predicted. However, its does not measure the ballpark quality factor well enough to be used without the ballpark age coefficient. The distinct phases discussed in the literature support using a system of dummy variables to measure ballpark age. Breaking down the stadium lifespan into these sections seems more accurate, since the aging of Fenway Park by one year would have little effect. Furthermore, the higher r-squared value on regression 3 as opposed to regression 2 suggests there is value in using the dummy approach.

One surprising result is the negative value of the MSA and income. These coefficients go against what was initially predicted. While the MSA coefficient shift from positive to negative in regressions 2, 3 and 6 may be attributable to adding payroll, income is negative in every regression. The lack of significance of the ticket price variable is likely due to the same issue. The high correlation between the variables results in one variable being less significant. However, having both variables in the regression makes intuitive sense, reducing the importance of the potential problem. While the income effect is relatively small in terms of importance to attendance, it is nonetheless a surprising result. Looking at equation 4 suggests that these variables do hold predictive power. Given their prevalence in the literature, both variables should be included. Equation 5 shows the importance of the dummy variables on attendance. The dummy variables are significant in every equation and should be kept in the final model.

Regression 6 is a baseline measure of attendance. It is calculated only based on market specific factors. It does not include the recent performance factors that the other regressions

have. Using this baseline attendance, it can be possible to compare the effects of recent success against the long-term factors inherent for each team. The primary independent variable is the Historical Wins. This variable represents the winning percentage for the last 20 years for that season. If fans base their attendance decision solely on the long-term factors of success, this variable can have important implications for stadium financing votes. Primarily it will be used to compare the effect of recent success of the team on the financing initiative.

In every regression, the r-squared value is solid. The attendance is subject to a lot of variance from year to year. Some fans may be disenchanted after years of losing (Tampa Bay) or having a team's good players traded away (Florida) to behave as the model would predict. These differences over the course of the sample keep the value down. It would be possible to keep adding dummy variables to increase the r-squared, but this would make the model unnecessarily complicated.

Looking at the regression results and the intuitions behind the variables, regressions 1 and 3 appear to be the most predictive. Considering the benefits of payroll, regression 1 seems to be the strongest measure of attendance. Given these factors, the model for controlled attendance is:

$$\text{Attendance} = B_0 + B_1\,(\text{Win \%}) + B_2\,(\text{LagWin}) + B_3(\text{MSA}) + B_4(\text{NEW}) + B_5(\text{OLD}) + B_6(\text{MEDAGE}) + B_6\,(\text{Ticket Price}) + B_7(\text{Income}) + \text{Controls}$$

where B_0 to B_7 are given in column three of Table 3.

This model, while certainly not perfect, is a good approximation for attendance. Since it is the measurement of attendance, it also offers a test for the strength of the fan base as attendance is a component of the fan base. The degree to which attendance approximates fan base is not known given the data restrictions. However, it is likely that:

$$\text{Fan Base} = \text{Attendance} + \text{error}.$$

Determining the error term is crucial towards finding an accurate measure of fan base. One way to test how good attendance is as a measure of fan base would be to compare it to the broadcast audience and rights fees for a team's game. Should attendance be correlated with these values, attendance can be thought of as a proxy for fan base. However, a bigger fan base causes larger demand. Larger demand leads to higher ticket prices and greater attendance. Therefore, attendance levels will rise more slowly (lower second derivative) in areas with larger fan bases as a team and stadium are improved. The error term would include this problem. Therefore, if the team is improving before the stadium vote, the attendance may understate the importance of the fan base on stadium financing votes. It is important to keep this error term in mind when discussing the financing votes.

STADIUM VOTING MODEL

Turning to the stadium-voting model, we can now apply the forecast attendance measure to test the effect on stadium votes. Other important factors clearly would have an effect. Costs must play a factor in determining the likelihood of success. The cost of the stadium proposal itself, or the subsidy the local government is providing to each team, is one of the criteria voters consider. The dependent variable will be the percentage voting in approval conditional upon having a vote. A vote must occur to determine the percentage voting for approval. This would yield a biased sample if not for the condition of having the vote. This section attempts to identify the key factors in getting a ballpark proposal passed. The model for testing the estimated attendance measure is:

$$\text{Prob(Vote=yes|Having vote)} = B_0 + B_1(\text{Forecast Attendance}) + B_2(\text{Costs})$$

VOTE

There are multiple ways to achieve passage of a stadium proposal. The team could have a referendum, receive city or county council approval, or receive approval from the state legislature. The choice clearly follows the source of funds because each governmental unit has its own procedures in place. In some instances, the project can go through multiple approval processes. The city council may vote on the project, then place an initiative on the ballot, such as occurred in San Diego. For the purposes of this project, multiple methods of approval will be considered. The effect of the "fan base" measure must be applied to the various situations to see how the various approval methods alters the likelihood of success.

The referenda are the best opportunity for the fans of the team to express their support. They are directly involved in the approval process. The team must rally its supporters to achieve any reasonable likelihood of success. Teams have a distinct advantage in that they are able to organize and outspend critics significantly, as discussed above. Within the model section I discussed how it was in the team's interest to achieve the biggest subsidy possible. This will come at the expense of the vote in favor. The model testing the financing referenda is an OLS model with the dependent variable of percent approval converted to a log-odds ratio.

One significant weakness of using the referenda is the lack of data points. From 1990 to 2005, there have only been 15 votes directly relating to a stadium approval. Due to the small sample size, only one variable regressions will be run in order to limit the degrees of freedom. Nine of these proposals passed, but of the six that did not, three were approved by the legislature after the vote with little alterations to the proposals. Another rejection, San Francisco, was passed four years later, though with completely private funding. The fact that every city that had

a vote eventually received passage illustrates the dynamic discussed by Fort (1997) in the literature review.

For these reasons, a second option to measure the effect of attendance on ballpark proposals will be used. This tests every ballpark proposal. This method includes the votes approved initially and the votes reversed by the city council. Furthermore, this method expands the proposals available for analysis to 35 for 19 teams. I test both the referenda as the percentage voting yes and as a binary choice between approval and rejection. The team should be able to structure the proposal to achieve passage. Under this scenario, the only important factor is whether it was approved or not. The proposals measure also takes into account failures to reach a vote after a policy has been announced.

For the purpose of analysis, a proposal is any time where a team releases a definitive proposal. In this case, only 19 pass through the council or legislature. This seems more reasonable to analyze the chances of success and failure, even if it is not a direct test of fan allegiance. One further note, the rejected referenda later passed were counted only as one successful proposal. In these cases, there was only one proposal (the same deal terms) and in the same year as the referenda, so the team ultimately received the result it wanted. While the costs of the project may have increased slightly, it is likely the team would be indifferent between situations. These regressions were run using the binary logistic method to test passage.

ATTENDANCE

To measure the strength of fan support, I will use the forecast attendance taken from the attendance model described above. Using the calculated coefficients and the team data, the forecast attendance figure can be calculated. This difference is small enough to be a reasonable

measure of attendance, yet different enough to control for factors not crucial to the fan base. The descriptive statistics for the forecast attendance suggest that the model is a good approximation

Table 6: Forecast Attendance Statistics

	Forecast Attendance Calculated From Model[1]	Change in Forecast Attendance from Previous Year	% Difference between Forecast and Actual Attendance
Mean	2.321	1.64%	5.55%
Standard Deviation	0.490	16.03%	24.50%
Maximum	3.663	60.72%	159.01%
Minimum	1.171	-44.12%	-63.30%
Observations	427	397	427

1 Attendance in millions

of overall attendance. The forecast attendance and change in forecast attendance will both be used in the voting model to test whether raw levels or the growth in number of fans attending games are more important before a stadium vote. Looking at the difference between forecast attendance and actual attendance ensures that the forecast attendance is standardized around the actual attendance. Given the average difference of 5.5%, the forecast attendance overstates actual attendance. This seems appropriate given that the forecast attendance should eliminate the extremes, such as the 159% difference the Florida Marlins had in 2002, coming off a stretch of bad years of on-field performance.

PUBLIC COSTS

While fans may be willing to ignore certain cost factors, it is unlikely voters would completely ignore costs. At some point, citizens turn on the team for attempting to receive too much money from the city. The variable also makes the comparisons between proposals easier. Each proposal asks for different amounts under different structures. While it is difficult to incorporate deal structure, it is easy to include subsidy size into the model. I will measure the subsidy size in two ways, with one using the total cost of the proposal to all parties (size) and the

Table 7: Vote Descriptive Statistics

	Referenda Vote %	Proposal Votes	Proposal Size[1]	Percent Public	Public Expenditure[1]
Mean	53.3%	0.58	$376.95	65.4%	$256.79
Standard Deviation	0.11	0.50	$198.50	26.0%	$173.56
Maximum	0.81	1.00	$812.94	100%	$584.73
Minimum	0.35	0.00	$94.59	5.0%	$10.68
Observations	15	35	35	35	35

1 Data in millions (1990 dollars)

percentage of the total size the public must pay and another that measures public expenditures (size*percent public). Using the size variable adds an element of the scope of the project. It can serve as a proxy for the quality or opulence of the new ballpark. Secondly, the percentage public determines the amount spent by the public. This allows voters to incorporate how much of the total cost they must pick up. As occurred in San Francisco and Florida, critics of ballparks pointed out that the team was getting too much benefit with the city taking up too great a portion of costs. While this number is certainly over inflated because of costs overruns and indirect costs, it serves as a benchmark for how much the team is contributing. The third term, public expenditure, is the amount of money the regional government must pay. Nevertheless, increasing all three cost measurements terms should make voters less likely to approve the stadium financing proposal.

ANALYSIS OF ATTENDANCE AND VOTE

It is now possible to analyze the effect of attendance on stadium financing votes. The vote analysis will look at both the referenda and proposal made by a team. When the proposals act as the dependent variable, the increase in the sample size allows the multivariable regression to hold value. For the referenda dependent variable, the sample size is smaller than ideal,

meaning there are too few degrees of freedom for a multivariable regression. An analysis from the perspective of the proposals allows for the interaction of costs and attendance to be studied. I will also present tables comparing the number of referenda success or failure with the independent variables used in the proposal model, which allows for analysis of the referenda despite the small sample.

REFERENDA

The dependent variable for the referenda single variable regression is equal to F/(1-F), where F is the percent approval for the referenda. This value is the log-odds ratio. Detroit's 81% approval is omitted as the rest of the referenda maintain much closer vote margins as a result of the minimum victory coalitions. Looking at each variable individually allows conclusions based on the direction of the coefficient (positive or negative) and the magnitude, which reveals the importance of the variable. All of the coefficients follow the

Table 8: Results for Referenda

	Dependent Variable: Log-odds ratio						
	1	**2**	**3**	**4**	**5**	**6**	**7**
Constant	0.17 (0.41)	1.22** (0.10)	1.15 (0.33)	1.43** (0.26)	1.39** (0.39)	0.389 (0.83)	-0.22 (0.76)
Forecast Attendance	0.485* (0.207)						
% Change in Forecast Attendance		1.924* (0.738)					
Proposal Size			-0.0002 (0.001)				
Percent Public				-0.004 (0.005)			
Public Expenditures					-0.002 (0.001)		
Baseline Attendance						0.033 (0.037)	
Winning %							0.028 (0.016)
R-Squared	0.314	0.430	0.001	0.122	0.042	0.060	0.206

Standard Errors in Parenthesis
* Significant at 95% level
** Significant at 99% level

predicted positive or negative direction. The positive coefficient of attendance and percent change in attendance, indicates that a team is more likely to be successful when attendance is higher. These coefficients are significant at the 5% level in the one-variable regressions. For attendance, a 100,000 increase in the number of fans would increase the probability of passage for the referendum by 0.05%. A 1% increase in forecast attendance would increase probability of voting for the project by 0.02%. For the mean forecast attendance, a 100,000 increase in attendance would be a 0.05% increase in attendance, meaning these two measures of attendance yield the same size shift. These results indicate that (i) a team with higher attendance will have greater likelihood of success on its financing proposals and (ii) if a team is able to increase attendance in a given year, it can increase the probability of approval. Teams with large fan bases should always have a greater chance of receiving approval than teams with smaller fan bases, but growth in fan base is especially important during a period when a stadium financing proposal is being considered. Additionally, the r-squared value is the highest for these attendance measures compared to the other variables. This indicates that the attendance values explain the most variance for these defined parameters.

If we accept the proposition that higher attendance equals more fans, then we can justifiably conclude that fans have a positive affect on proposal passage. Even if attendance does not exactly mirror number of fans, the fact that higher attendance increases success on financing proposals is still valid. With the factors underlying the forecast attendance, a positive effect indicates a team has more control over the probability of passage than just the timing of the proposal. A team has some control over on field success since it directly controls the quality of its players. By using team quality factors to increase attendance, a team can directly influence the probability of approval.

The direct effect of wins on the probability of approval is positive, as predicted. A one-win increase would increase the probability of approval by 1.7%. Wins are one of the largest factors in attendance, so the direct effect of wins should also be positive. Wins are what rally the fan base, as a successful team typically has more fans. Therefore, the high magnitude illustrates the important link between on-field performance and success at the ballot box.

The coefficients on size and percentage public are in line with the predicted values. While none of the values were significant, the coefficients show the importance of the variables. Public expenditures decrease probability of approval more than the proposal size. In fact, voters likely would support larger projects when the subsidy amount does not change, because larger projects are likely of higher quality. The magnitudes indicate that voters care more about the cost they will actually incur rather than the scale of the stadium. If changes in size and public expenditures are analyzed by shifts of $10 million blocks, the effect coefficients have relatively similar impacts.

Looking at the data underlying the referenda regressions is helpful given the small sample size. By splitting the proposals into a two-by-two table with whether the vote was approved and one of the independent variables from the one variable regressions above, it is possible to analyze the general trends in the referenda data.

Tables 9 and 10 illustrate the difference in forecast attendance splits between approvals and rejections. For the raw attendance numbers, the proposal is more likely to pass when

Table 9: Referenda Vote and Attendance

		Forecast Attendance	
		>2.3 million	<2.3 million
Vote	Approved	5	4
	Rejected	2	4

attendance is above 2.3 million, which was the average attendance for the years in the sample. When teams are above the average attendance mark, they receive passage at a higher rate than for those will below average attendance. Table 10 shows similar effects. When the team increases attendance over the previous year, every proposal passed. A fall in attendance does not eliminate the likelihood of approval, since half the proposals still passed. Nevertheless,

Table 10: Referenda Vote and Change in Attendance

		Change in Forecast Attendance	
		> 0%	< 0%
Vote	Approved	4	4
	Rejected	0	4

it is significant that all the referenda where the attendance increased were able to pass. This confirms the conclusions from the one variable regression that attendance growth is an important factor as it signifies getting more fans to follow the team.

Table 11 looks at the relationship between on field success and success at the ballot box. A winning percentage of .500 is a good break because teams that win more than they lose are

Table 11: Referenda Vote and Winning Percentage

		Winning Percentage	
		> .500	< .500
Vote	Approved	5	4
	Rejected	2	4

viewed more favorably by the media and fans. When teams are above .500, they are more likely to gain approval. Having a losing record does not eliminate the likelihood of receiving passage.

Table 12 looks at the relationship between cost of the stadium and approval. The referenda are split, as would be predicted, in relation to the amount of public money committed

Table 12: Referenda Vote and Public Expenditures

		Public Expenditures	
		> $160 million	< $160 million
Vote	Approved	2	7
	Rejected	5	1

to the project. Proposals with below average costs compared to other stadium projects are more likely to pass. Proposals with above average costs are more likely to fail. The table illustrates that the amount of public money committed to a stadium project does have an impact on whether the stadium financing proposal is approved or not.

PROPOSALS

In order to increase the sample size and expand the analysis to all stadium proposals that were passed during the 1990's construction boom, I will look at the effect of attendance on a binary measure of proposal approval. These are the agreements made by teams and city councils, along with the referenda that the public actually voted on. Most of the variables are not significant, but the majority do yield the predicted sign. This suggests attendance and wins do play a valuable role in the stadium approval process. There does not appear to be a significant difference when measuring the vote with referenda or proposals. The range of the coefficients has the same relative effects despite some degree of variation. While it may be impossible to reject the null hypothesis, it does not negate the existence of some sort of pattern.

In this logit model, the forecast attendance is smaller than in the one-variable model for regressions. However, the coefficient is still positive and is important in terms of magnitude. The same 100,000-fan increase would increase the probability of approval by 0.5%, which is one-tenth the magnitude of the referenda model. However, by increasing the independent variables, the coefficients are likely to decrease because of the correlation between the variables.

Table 13: Logit Results for Proposals

	Dependent Variable: Vote (0,1)					
	1	**2**	**3**	**4**	**5**	**6**
Constant	2.066 (2.203)	1.420 (1.600)	2.208 (2.271)	2.731 (4.055)	1.993 (1.210)	1.648 (0.784)
Forecast Attendance	0.053 (0.778)	0.042 (0.662)	0.152 (1.113)			
% Change in Forecast Attendance					0.616 (2.702)	0.155 (2.711)
Proposal Size	-0.002 (0.002)		-0.002 (0.002)	-0.003 (0.003)	-0.003 (0.002)	
Percent Public	-0.014 (0.016)		-0.013 (0.017)	-0.013 (0.016)	-0.009 (0.017)	
Public Expenditures		-0.005** (0.002)				-0.005** (0.003)
Baseline Attendance			-0.304 (1.193)	0.023 (0.965)		
Wins				0.138 (0.094)		
Lag Wins				-0.151 (0.084)		
Log-Likelihood	42.481	40.402	42.416	38.303	36.493	34.766

Standard Errors in Parenthesis
* Significant at 90% level
** Significant at 95% level

Calculating the differential between vote and wins (∂Vote/∂Wins) reveals a 0.86% increase in the probability of approval for each win, which is within the range of the coefficients of the referenda voting model.

In these regressions, the proposal size and percent public are more negative than in referenda model, indicating cost concerns may be more important than fans to the success of proposals. Since the proposals definition of votes contains ballpark projects in the midst of negotiations, costs should be relatively more important. It is far easier to change the total cost of a construction project during negotiations with the City Council than once the proposal is on the ballot. The effect of the parameters is roughly the same throughout each regression. The regression results reveal the obvious conclusion that costs have a negative effect on the likelihood of passage. Teams structure minimum victory coalitions based on this negative

relationship. The interaction of costs and attendance allows the team to increase stadium subsidy costs even more and still ensure passage.

The baseline attendance results are consistent with the referenda regression results. Recent success will improve the probability of approval for a new stadium. Both wins in the current year and attendance driven by recent changes increase the likelihood of success for a stadium financing proposal. In the proposal model, wins in both the current year and year prior are tested against proposal. A team may be able to argue that a drop in attendance supports its contention that it will unable to survive in the city without a new ballpark, which can serve as a rallying point for fans. By way of example, in Seattle, the Stadium Task Force appointed by the governor concluded that a new stadium was necessary for the Mariners survival (Chapin 1997). Mariners' attendance was the 10th worst in baseball in 1994 and was 6th worst in 1993.

Regressions 3 and 4 from Table 13 compare baseline attendance to recent attendance. These regressions are designed to test the recent effects of winning against the historical factors that support growth of a fan base. From the attendance modeling section, the baseline attendance is computed from 20-year average winning percentage, MSA, and income, which are the factors intrinsic to a given team's city. Using this variable as a baseline, it is possible to test baseline fan interest against the transitory interest from recent success on the proposal. The results indicate that recent success increases the probability of success, holding fixed the baseline attendance.

The coefficient on the historical attendance in equation 3 suggests that teams with lower baseline attendance are more likely to get a new stadium in order to remain in their city. A negative value in Regression 3 seems counterintuitive, but since forecast and baseline attendance are calculated from the same factors, this is likely not indicative of the accurate effect of baseline attendance, but rather high correlation between the two variables.

Regression 4 specifically looks at the recent success of a team on the field. Both winning percentage and lagged winning percentage have a positive effect on the process. Each additional win in the current year would increase the probability of approval by 0.3%, which is similar to the effect when wins are computed using differentials. The coefficients on wins and lag wins in regression 4 indicates that recent success is of relatively more importance. The negative coefficient of the lag wins suggests that only the most recent winning percentage is what is most important to voters.

Overall, the results from the referenda and proposal model are relatively similar. This suggests that a similar evaluation process by the municipality, fans, and team occurs whether the public votes on the project or not. Since politicians elected by municipal residents vote on the proposal, one would expect somewhat similar results, assuming the politicians are responsive to their constituents.

The lack of significance of the coefficients could be a result of different factors. As a threshold matter, the myriad of strategies and negotiating tactics used by teams in pursing ballpark proposals do not lend themselves well to modeling. There exist different scenarios available to teams that override any specific approval process pattern because of a team's typically strong negotiating position. It is possible that attendance is not a good proxy for the fan base. It could be that fan base is very important, but attendance is a poor surrogate for measuring the other methods of fan support for a team. Another possibility is that the proposals are a poor representation of the true sample of stadium votes. The sample size is small enough to be susceptible to outliers, which could affect the coefficients for the probability of approval. Despite the drawbacks of this model, valuable information can still be gleaned from the model because the effect of fans on the ballot box is as predicted.

IMPLICATIONS FOR STADIUM FINANCING

The trends in the data are clear and the results are as predicted. Increasing attendance and wins prior to the stadium financing proposal makes the team more likely to achieve passage. There are some criteria for decision making at the management level that is relatively standardized based on the assumptions in the model section. Though the estimations did not always yield significant coefficients, it does not mean that the hypothesis should be rejected.

The most obvious observation from the data is that the approval process is inherently unique. Teams face different factors and dynamics in each stadium finance proposal. To attempt to standardize a specific proposal pattern across municipalities weakens the importance of the unique negotiations between a team and the city, which the lack of significance of the coefficients illustrates. Studying the circumstances around a given financing proposal, and the negotiations leading up to the proposal, is fascinating because of the myriad of different strategies used. A perfect example of this is the Marlins and Twins stadium plans. Over the last five years, each team has reached agreements multiple times, only to have them nullified when some component of the deal falls apart. What is most clear is that a team can hold a city hostage in negotiations. This produces a better deal for the team than predicted by the model as Fort (1996) predicts. It is now possible to discuss the public policy implications of the results and the future of stadium financing proposals.

CHANGING DYNAMICS

The dynamics of the stadium issue appear to be somewhat changing; the boom in stadium construction of the mid-to-late 1990's appears to be cooling. Municipalities and voters appear more conscious of the economic realities of the stadiums, as the Washington, D.C. and Minnesota situations demonstrate. In Minnesota, a recent poll found that almost two-thirds of

residents opposed using public money to help finance a new ballpark (Kazsuba, 5/14/06). The boost in attendance following construction is lasting less time with each successive stadium. Commissioner Selig commented in 2002, "the positive shelf life of a new stadium has shrunk considerably" (DeMause, 8/2/02). Noll (1974) argued for a honeymoon phase of a new ballpark, where attendance increases immediately after the opening of a new stadium.

Attendance falls steadily after the honeymoon phase is over. It is clear that the honeymoon period has gotten shorter as the new stadium boom has progressed. For the six ballparks built before 1996, the honeymoon lasted an average of 7.66 years. The ten stadiums built after 1996 had an average honeymoon period of only 2.5 years. The difference between the two is statistically significant at the 99.9% level.

The changing dynamics do not mean the end of publicly financed stadiums. The structure and rules of MLB have not changed, meaning the dynamics of stadium financing fundamentally have not changed. Teams still maintain the upper hand. It only takes one city to serve as a credible threat for relocation to give the team significant bargaining power since cities have shown a strong desire to keep their teams. San Antonio offered a deal to raise $200 million for a stadium to lure the Marlins to the city (Orsburn, San Antonio Express News, 4/17). Las Vegas and Portland are two other cities often mentioned as being candidates for a new team. The competition for teams was the source of both the 1960's and the 1990's stadium construction booms. Cities become in the trapped in the new stadium construction cycle because they do not want to risk losing their team. It seems inevitable that another stadium boom will occur in the 2030's despite the high costs of this round of stadiums. Out of the nine teams that have not built new stadiums, it is likely that almost all will receive approval for a new stadium relatively soon. Under current stadium financing deals, stadiums have been too profitable for owners not to

pursue. With return on investment in franchise value alone upward of 15% during the first four years, it is no wonder why owners are so insistent about gaining approval for a new stadium.

POTENTIAL IMPROVEMENTS

Better models for the stadium decision process would include some sort of game theoretic element where the team's decision to present the ballpark depends on the fan base, the city characteristics, and the presence of an additional market. The combination of the factors affecting the ballpark will allow different subsidies in different time periods. The choice for announcing a stadium financing proposal is filled with uncertainty about the outcome. Teams would have to evaluate whether it would be best to seek a new stadium in the present or delay until a more optimum time. Of course, teams could continue to threaten to move to another market to get a better deal. This threat carries some risk of losing both fans and future profits because fans may turn against the team, but will help the ballpark proposal achieve passage given the current attitude of politicians and their reluctance to risk losing a city's team on their watch. These conditions follow the conclusions of the simple model of franchise behavior, as teams must balance their desire for greater revenue potential versus increased costs. The team would be forced to maximize the variables and still account for the factors facing the municipality.

This study is applicable to the debate about stadium financing. Though the voting model results were not significant, they still supported the prediction about the relationship between stadium proposal votes and attendance. The results are consistent with the literature on stadium financing. It is clear the factors described by Fort and Noll and Zimbalist (1997) remain crucial. However, this paper attempted to look at how city residents impact a stadium financing proposal. Teams do have a significant role in the community (Rosentraub 1997), so it should be of little

surprise that fans have a significant role in the stadium construction decision. In cities that have teams, there have been vocal supporters for new ballparks despite the balance of costs and benefits. Looking at how being a fan affects this decision, adds an important element to the literature.

Fan interaction is an area for future study because the intersection of goals and policy provide interesting cases to analyze. How does a fan interact with the team on a daily basis, when considered with practical issues? What makes the city and its constituents approve a huge subsidy to the rich owners? What factors does the team consider when bringing financing proposals? What are the future projections for team and facility growth? Perhaps, the most interesting conclusions can be made if a truly accurate fan base measure were adopted. This fan base model would not measure the number of potential fans, but the actual number of citizens engaging in fan behavior.

A completely accurate measure of the fan base must include all measures of being a fan, including the intangible effects of having a team in the area. Following the team on radio and television is more inclusive than attendance at games and takes less effort. It may still generate the same feeling of excitement when your team is winning, as when you see the game in person. Additionally, this model suggests fans base their vote decision on the current year's events. The baseline attendance tried to add a historical element to the financing decision, but there certainly are better measurements of how fans react to a team over a series of years. As discussed, the promise of future success may boost the size of the fan base. Another valuable addition would be to factor in fan opinion about a team, based upon prospective future players for the team. In MLB, it takes a few years for a team's top prospects to develop and contribute to the major league team. The proliferation of the internet has allowed fans to become more knowledgeable

about the minor league system, which may have a positive relationship with the size of the fan base. Adding the prospects for future success, along with some method of discounting and risk calculation, could provide further insight on how fans view their team. Stadium projects take years to complete, so such variables could test how fans are likely to evaluate the quality of the team at the time a ballpark financing proposal is scheduled to be voted on.

It may be possible to use the fan base model to test for subsidy size, rather than voter approval. Under this approach, total project size would be the dependent variable. Once a proposal is established, the team can use all of its resources to ensure passage. By taking the first steps to answering these questions by applying attendance measures to future predictive models, it will be possible to better understand the dynamics between the business and politics that surround the game.

CONCLUSIONS

The forecast attendance numbers hold descriptive power over why municipalities continue to build stadiums. The results of this paper help explain the stadium financing conundrum because it examines the impact of a specific interested party of voters (fans). The predictions of the variables held in the data, suggesting that the intuitions behind attendance were accurate. The forecast attendance was calculated and applied to the stadium financing proposal vote to answer the primary question of the thesis - why do stadium proposals pass despite clear negative economic costs? This project illustrates the complexity of the process. Since each situation is different, it very difficult to model how teams go about getting approval. The research conducted showed that a pattern of team success could influence the vote. Having a team that is not successful before a vote, however, is not determinative.

There is anecdotal evidence of teams being successful with stadium financing proposals following winning seasons as the Padres and Cardinals illustrate. Both teams received approval on their stadiums after achieving winning seasons. However, many other factors play too large of a role for a simple pattern to emerge. To be successful, a team usually must have some goodwill built up to gain the support of the community. If a team does not have some goodwill in the community, as is apparently the case in Florida and Washington, any stadium financing proposal will face significant challenges gaining the necessary public approval.

The process described by Fort in Sports, Jobs, and Taxes (1997), explains a significant portion of the ballpark financing approval process, but not all of it. The pressures on politicians to keep the team in the area must come from some constituency. I suggest the pressure comes from the fans. A comment made by San Diego District Attorney Mike Aguirre about the San Diego Chargers (NFL) illustrates the importance of the fan base. Aguirre suggests, "in the long run, the Chargers need to solidify their base" for the team to increase their likelihood of getting a new stadium (San Diego Union Tribune. "Will Arnold terminate Chargers?" May 3, 2006, D1). Though referring to football, the comment exemplifies the importance of the fan base to the stadium approval process. Teams wanting to both increase profits and increase chances of building a new stadium would certainly be wise, all else being equal, to be successful on the field during the time leading up to the vote on the project. A successful franchise will not only open new revenue streams for team owners, it will maximize the chance for a new stadium, further enhancing franchise value. When a team wins on the field, it increases its likelihood of winning at the ballot box.

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APPENDIX A: DATA SOURCES

Attendance, Winning Percentage, Franchise Value, Payroll:

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*For information on the most recent stadium proposals: Cost, percent public

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**For proposals prior to 1997: Description and result

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****For information on Seattle's ballpark

Santa Clara All-America City 2007

May 10, 2007

Assessor Lawrence E. Stone
County Government Center, East Wing
70 West Hedding Street
San Jose, CA 95110-1771

Dear Larry:

I wanted to respond to your April 26, 2007 letter, in which you expressed concern that you were allowed only two minutes to speak at the April 24, 2007 City Council meeting. As you know, at that Council meeting there was a standing room only crowd in Council Chambers, with more people waiting outside to address the Council on the proposal for a 49ers football stadium. In order to accommodate the large number of speakers who wanted to address the City Council, I announced at the beginning of the public comment period that a two-minute limit would be practiced, and it was equally applied to all speakers. I realize that this caused you to shorten your remarks, but could not allow you a longer time without allowing the same time extension for all speakers.

For many years, the City Council meeting practice has been to allow three-minutes per speaker to address the Council, with that amount of time limited to two-minutes if it is apparent that there will be more than ten speakers on a single item. The City's practice is utilized to allow adequate input from numerous speakers, in a reasonable timeframe for the Council and public to consider an item. This practice is memorialized in Council documents. While an "Instructions" notation on the "Speaker Cards" utilized for public comment portions of Council meetings states that "time limits may be changed by the Council," I understand that this notation may not be reflected clearly on the City's website. By cc, I am referring this to the City Manager's Office and City Clerk's Office for their consideration of any follow-up that may be warranted.

With your past service as an elected official, you are understandably familiar with a meeting Chair's prerogative to establish time limits for speakers. With the standing room only crowd the night of April 24th, the two-minute time limit seemed appropriate.

Anyone is welcome to provide written comments of any length, at any time, on issues being considered by the City. Thank you for sending a written copy of your full remarks. Your letter and the remarks have been provided to the City Council, City Manager, and staff, as you requested, and will be retained as part of the public record as discussion proceeds on 49ers football stadium proposal.

Thank you, Larry, for bringing your concerns to our attention.

Sincerely,

Pat Mahan

Patricia M. Mahan
Mayor

cc: City Council
City Manager
City Clerk

Larry - Thanks for your understanding. Pat

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Lawrence E. Stone, Assessor

April 26, 2007

Honorable Patricia Mahan
City of Santa Clara
1500 Warburton Ave.
Santa Clara, CA 95050

Dear Patty,

Whenever I prepare to speak where a time limit is imposed, I carefully prepare my remarks to meet the time allowed. In addition, I practice my presentation to ensure I don't violate the time limit.

As a former Mayor, I recognize it is the prerogative of the Mayor to establish the time constraints. I also believe that prepared remarks are more concise, relevant and reduce redundancy and rambling.

On Tuesday, my office checked Santa Clara's website to confirm that public comments before the City Council were limited to three minutes. This was the same time limit established during a previous hearing I attended last month, and the time displayed on the digital clock on the wall during the 49ers presentation. I prepared my remarks for 2:55 minutes.

Literally, three minutes before I was called to speak, the limit was reduced to two minutes. If I was advised in advance or even at the beginning of the meeting of the revised time limit, I would have adjusted my remarks. However, one-third of my presentation was eliminated. It was embarrassing for you and me. I always try to abide by the rules established by the Mayor, but only if I know what the rules are in advance.
Enclosed is the text of my entire comments which I hope you will share with your council colleagues, Jennifer, Ron and other interested city staff members.

Sincerely,

Lawrence E. Stone
Assessor

LES:dy

Encl.

Santa Clara City Council Study Session SF 49ers
Lawrence E. Stone, Chair
Silicon Valley/49er Stadium Advisory Council
April 24, 2007

I'm Larry Stone, Chair of the Silicon Valley/49ers Stadium Advisory Council. Over the last two decades I have been involved in four different efforts to keep major league baseball in the Bay Area. The first one was in the early 80's when then Mayor Dianne Feinstein appointed me to a committee to explore building a new ballpark to keep the Giants from moving to Florida.

Since then, I have helped organize and/or chaired other efforts; including two ballot measures; one, a five-city effort that narrowly failed at the ballot box in 1990, to relocate a new ballpark for the Giants here in Santa Clara.

In each of these instances, I have reviewed and been asked to comment on economic feasibility studies. In fact, I have been reviewing these types of reports for nearly 20 years.

I can say without reservation that the independent study commissioned by the San Francisco 49ers is conservative. It does not make the mistake of trying to oversell the economic and fiscal benefits. Nevertheless, like all projections, it is just an informed estimate and should not alone be the deciding factor.

When the San Jose Arena was being considered, there was also an economic feasibility study and like the 49ers project, I am certain there were people from the academic community who criticized the projections. Today, you would have a hard time finding three people who believe the HP Pavilion is a detriment to San Jose and the region. It has been wildly successful and has likely exceeded all projections.

The HP Pavilion has also proved local residents wrong about traffic. At the time I too thought traffic would be awful; for sports fans and for neighbors. I was wrong on both counts. On game nights people are able to get in and out of the HP Pavilion easily. In fact, there is now so little concern with traffic that Whole Foods is planning to open a major grocery store less than ¼ mile away.

What I didn't fully appreciate then and what counts today is providing people with several ways to get to and leave an event.

Compare that to Candlestick Point. It is terrible! The wait to park and then leave, can be almost as long as the game!

No wonder the SF 49ers have decided to relocate to Santa Clara.

The proposed site builds upon the existing infrastructure specifically designed to handle large volumes of traffic from people attending an event at the convention center or Great America theme park.

Surrounded on all sides by major roads, two Highways, 237 and 101 with 880 nearby, the proposed site has over 37,000 parking spaces and heavy rail within one mile. Plus, light rail will stop at the stadium's front door.

While much larger than the HP Pavilion, most games are on Sundays in the fall when Great America's season is winding down or the theme park has closed entirely. From a traffic point of view, you could not dream of a better location for major events on Sundays.

The storied 49er franchise is a tremendous asset for the entire region. I would urge the Council to continue to keep all options open, and work with the 49ers collaboratively to better understand the total benefits and impacts, and ultimately to see if this project is mutually beneficial.

Carol McCarthy - Fwd: The Future of the 49ers

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/7/2007 2:14 PM
Subject: Fwd: The Future of the 49ers
Attachments: The Future of the 49ers

To the Mayor and Council,
I am a Santa Clara resident, 25 years now. I live about 1/2 mile from the 49ers' training camp. I am also a 49ers' fan and support the creation of a stadium at the proposed site in Santa Clara for the 49ers to play. So add my name to the list and get the ball rolling for the move.
James W Curylo
4648 Demaret Dr.
Santa Clara, CA, 95054
408 970-0773

ACTION ALERT: Forward to Your Friends In Santa Clara and Contact the Mayor, City Council & City Manager NOW!

BILLIONAIRE YORKS WANT *YOUR* MONEY, BUT WON'T LET *YOU* ASK QUESTIONS![1]

by J. Byron Fleck and Karen Hardy[2]

Draw your own conclusion. We have.

Since January 2, 2007, the Mayor, Santa Clara City Council and City Manager have repeatedly assured residents that we would have ample opportunity to present our views and ask questions to the Yorks 49er representatives and the City Council, regarding billionaire Yorks' request for YOUR money, to build THEM a football stadium.

One of those public opportunities was supposed to be this Tuesday, April 24. This was to be the critical council meeting where the Yorks would tell residents how much of YOUR money they want. Problem is, we residents are effectively precluded from asking questions about their request.

Why ?

---

[1] This report is another in a series prepared by the authors. Both oppose giving any subsidy to a billionaire. If you wish to receive any of our three prior reports, simply request to jfleck@covad.net

[2] Byron Fleck is a resident, attorney and former City of Santa Clara Planning Commissioner. Karen Hardy is a teacher, community volunteer and City Planning Commissioner. The views expressed by Ms. Hardy are her own. They not intended to reflect the views of the Commission or the views any other member of the City of Santa Clara Planning Commission.

Because, contrary to established practice when presenting before City Council, the Yorks elected not to distribute their financial proposal / subsidy request by the Friday before Tuesday's Council meeting.[3]

Because the Yorks decided to hide their request until Tuesday's meeting, neither the Mayor, nor City Council, nor City Staff nor (most importantly) YOU, have a meaningful chance to review their request and formulate questions and comments to the people asking for YOUR money.

Meanwhile, billionaire Yorks will make their pitch in the light most favorable to them, then, presumably, jet back to Ohio or wherever, in a calculated move intended to leave us with no time to ask meaningful questions or present thoughtful views.

A billionaire "Dump and Run" is how I describe it. Perhaps Karen describes it better. "Loot and Scoot."

Just how outrageous is the Yorks tactic? Well, consider this. The next time you present a request to City Council for a simple garage conversion or backyard fence, just see how far you get when you refuse to present your application and drawings until the night of your hearing.

We find it inconceivable that the City of Santa Clara would allow such disrespectful tactics, and yet expect (and require) so much more from its own residents for relatively insignificant matters.

---

[3] To suggest the Yorks were merely unaware of the protocol is inconceivable. The Yorks distributed their "Millions and Billions of Economic Benefit" impact report (since discredited) to the City on the Friday prior to their Tuesday April 10, 2007 presentation before City Council, in accord with established practice. That report was immediately published on the City's website on Friday, April 6, giving residents sufficient time to digest. Given how that report faired under public scrutiny, we cannot say we are surprised by this attempt at a fast one. Disappointed perhaps, but not surprised.

On January 29, 2007 City Staff recommended, and Council adopted on February 6, 2007, the following principle concerning the Yorks request:

"1. **City Staff and 49ers staff will have the opportunity to participate in public** meeting Study Sessions...These Study Sessions...**[will] update and inform the Council and community** of issues pertaining to the ongoing feasibility analysis."[4] *(Emphasis added).*

On December 21, 2006, *The San Jose Mercury News* broke a troubling report of private meetings between the Mayor, certain City Council members and 49er representatives concerning a proposed stadium in Santa Clara, thereby raising questions about possible violations of California's open meeting rules.[5]

Presumably stung by public concern about the private conversations, Santa Clara City Council unanimously voted on January 2, 2007 to adopt the following guideline:

> **"Any proposed or approved stadium project in the City of Santa Clara will be the result of a visible, public process, open to the community."[6] (Emphasis as in original).**

It is clear to us that the Yorks are actively scheming to intentionally avoid public scrutiny of their subsidy request from YOUR money. That scheme is inconsistent with the principles espoused by the Santa Clara City Council, an insult to the residents they expect to fund their subsidy and a breach of good faith with our City.

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[4] Agenda Report Memo from Asst. City Mgr. To City Mgr. Et al. "Recommended Process to Guide Discussions and Possible Negotiations for a Proposed San Francisco 49ers Stadium in the City of Santa Clara" p. 3, January 29, 2007.

[5] See, "City treads fine line in Niners meetings" San Jose Mercury News, December 21, 2006. Section1B.

[6] Agenda Report Memo :Guiding Principles - Feasibility of a Proposed 49ers Stadium in the city of Santa Clara" January 2, 2007 p.4.

A CALL TO ACTION - WHAT WE MUST DO

It does not whether you are a proponent, opponent or undecided about the Yorks subsidy request. All residents of Santa Clara are entitled to meaningfully examine the Yorks proposal and ask questions or make comments. Tell your City Council you demand to have that right respected! Tell the City Council by email now, that you want the Study Session on the Yorks financial proposal continued for one week, to allow for a true "visible, public process, open to the community." Please email your request and comment before Tuesday April 24, 2007 to:

Mayor and Council	MayorandCouncil@ci.santa-clara.ca.us
City Manager	jsparacino@ci.santa-clara.ca.us

From: Yvonne Galletta
To: Carol McCarthy
Date: 5/7/2007 10:10 AM
Subject: Fwd: Santa Clara, 49ers sign confidentiality agreement

Original Email addressed to CM & "cc" to Mayor & Council.

>>> Au <au@ducky-d.net> 5/4/2007 9:47 PM >>>
City Manager Jennifer Sparacino,

I am disappointed to hear that the 49ers and my own city staff are making it harder for ordinary citizens to get all the facts and decide for themselves. First we had the 49ers' blatant disregard for customs when they did not submit their presentation in advance of the April 24 City Council meeting, now this.

Please bear in mind that most of your concerned citizens are ordinary working people holding down full time jobs. We are trying to keep up with this on our own dime. And we are up against full-time paid consultants. Please do not make it any harder for us.

That said, the quote from the 49ers' VP of communications is telling:

> "It's just common sense - for example, if you're selling a house - you want to be in a competitive situation for items that are going to fund the stadium," 49ers vice president of communications Lisa Lang said.

If I am trying to get a mortgage, the bank wants to know everything about where my money comes from. Who I work for, how long have I been there, how much do I get paid. If I recently deposited a big check from my brother, they want a letter from him stating that this is a gift, and he does not expect me to pay it back.

Compare this to the 49ers: they want even more than a mortgage from our City, and yet they are trying to provide even less information than a bank would require.

Please reconsider and give the citizens enough information to make up their own mind.

Respectfully yours,

Au Nguyen
1515 Newhall St
Santa Clara, CA 95050
408-218-1649

---

http://www.mercurynews.com/search/ci_5815668?nclick_check=1

Santa Clara, 49ers sign confidentiality agreement
By Julie Patel
Mercury News
Article Launched: 05/04/2007 01:32:51 AM PDT

Santa Clara city leaders signed an agreement with the San Francisco 49ers this week to keep secret certain sensitive documents about the team's quest to build an $854 million stadium in the city.

The agreement doesn't spell out what documents the team wants kept confidential, but the 49ers say releasing certain financial information could harm their ability to negotiate the best financing options for the stadium.

"It's just common sense - for example, if you're selling a house - you want to be in a competitive situation for items that are going to fund the stadium," 49ers vice president of communications Lisa Lang said.

Stadium critics aren't convinced. They say the public should have the chance to examine every document, because the city is weighing contributing more than $160 million to the project. The stadium would be owned and operated by a city stadium authority.

"It's like saying, `We want you to accept the ultimate responsibility but we're not sharing important information with you, the voters,'" said Santa Clara resident Kate Grant.

The agreement says the 49ers can identify which documents they want the city to keep confidential, but the city would still be required to follow the California Public Records Act.

The team does not plan to publicize breakdowns for projected revenues - such as stadium naming rights, concession rights, ticket taxes and seat licenses - that would help build and operate the stadium. Those figures, some sports economists and city leaders say, are crucial in helping the public understand the city's financial risks.

But Lang said the risk would be reduced because the team plans to negotiate contracts to guarantee the money is available before the stadium is built. The revenue breakdowns will be shared with the city's consultants, who will help assess whether the deal is in the public's best interest.

City Attorney Helene Leichter said some trade secrets are considered exempt from public disclosure rules because they could hurt the team if they're disclosed prematurely.

"A lot could be discussed at the table - some of which would hold water, some that won't," Leichter said. "We'll be as open as possible without jeopardizing the 49ers' confidential trade information."

For instance, she said, the team could undercut the value of a deal to sell the stadium naming rights if it announces an estimate that's lower than a company may be willing to pay.

But some open government experts said they're not convinced the revenue streams are trade secrets. Public disclosure rules define trade secrets as information that can allow competitors to "obtain economic value from its disclosure or use."

"It seems to me that's it's a hard case to make that all of this stuff really ought to be protected as trade secrets," said Peter Scheer, executive director of the California First Amendment Coalition. "You have to parse it item-by-item. You may have a reasonable argument with respect to naming rights but what about the other items?"

City Manager Jennifer Sparacino signed the agreement before telling council members in a closed session Tuesday.

"Based on what I heard, it sounds reasonable to me that we don't need to see every estimate and calculation, and I want an overall comparison to

help me make decisions," said council member Jamie McLeod. "But if folks in the community want those numbers, we need to find out where the lines are drawn, what's requested and what specific concerns the 49ers are raising."

Mercury News Staff Writer Mike Swift contributed to this report. Contact Julie Patel at jpatel@mercurynews.com or (408) 271-3679.

CALIFORNIA

Santa Clara
All-America City
2001

Jennifer Sparacino
Contract Administrator

May 7, 2007

Mr. Bill Gissler
Santa Clarans For Fiscal Responsibility
P.O. Box 26
Santa Clara, CA 95052

Dear Bill and Members of Santa Clarans For Fiscal Responsibility:

The City is in receipt of your letter dated May 3, submitting a list of more than two dozen questions about the 49ers' proposal for a football stadium in the City of Santa Clara, and asking for the City's review and response of these questions. The topics of those questions include environmental impacts, the 49ers proposal for a stadium authority, stadium financing and economic impacts, and general questions.

Your letter also asked that the City "allow sufficient time for a complete and thorough review of the issue," and that "when a plan for financing is completely identified, that (the City) place the issue before the citizens as a ballot measure for approval."

The City Council, City staff and City consultants will be looking at all the issues related to the proposal for a football stadium, and at potential community benefits and impacts. The information developed over the next few months of study will likely cover most of the questions you have raised.

If you wish, your letter will be placed on an upcoming City Council Agenda. If that is desired, please contact Executive Assistant Yvonne Galletta, at 615-2210, to discuss the preferred date. Thank you.

For information, another letter has been received that also asks for the Council to consider placing the 49ers proposal for a football stadium on the ballot for voter consideration. That letter is scheduled to be agendized for the May 15, 2007 City Council meeting.

Sincerely,

Jennifer Sparacino

Jennifer Sparacino
City Manager

Cc: Mayor and City Council
Assistant City Manager
Deputy City Manager

Sports and Open Space Authority
1500 Warburton Avenue
Santa Clara, CA 95050
(408) 615-2210
FAX (408) 241-6771
www.ci.santa-clara.ca.us

SANTA CLARANS FOR FISCAL RESPONSIBILITY

P.O. Box 26, Santa Clara, CA 95052
scffr07@gmail.com 408-247-8528 Fax: 408-247-5552

May 3, 2007

Mayor & City Council
1500 Warburton Avenue
Santa Clara, CA 95050

Honorable Mayor and City Council:

RE: 49er Stadium

In response to your request for questions to further the Community's understanding of the reference proposal, we submit the attached list. Please include these with others for City and/or 49er review and response.

We respectfully request that you allow sufficient time for a complete and thorough review of the issue. And that when a plan for financing is completely identified, you place the issue before the citizens as a ballot measure for approval. Like the Theme Park and Convention Center projects in the past, Santa Clara citizens should have a vote on a project of this scope.

As this is such a major undertaking for the City, we will continue to follow the issue closely.

Sincerely,

Bill Gissler

Bill Gissler

cc: City Manager
SCFFR supporters

attachment

Committee Background
SCFFR evolved from the Committee Against Binding Arbitration ("No on Measure B") in 2006. Our City Council voted 5-2 to put Measure B on the ballot without charter process. The measure was defeated through our community education outreach and strong editorial support from local newspapers. We don't want to be caught off guard again. We're staying in touch.

"We watch the money"

SANTA CLARANS FOR FISCAL RESPONSIBLILITY

GENERAL QUESTIONS

1. Why don't the 49ers want to finance, construct, own and operate the stadium?

2. If the City of Santa Clara is the stadium owner, then do they have the final authority for stadium design, construction management, selection of contractor, etc? Why are the 49ers taking the lead if this is in fact to be owned by the City?

3. As a publicly-owned building, is the design and construction of the stadium subject to the California mandated public bid process, with the lowest bidder awarded the contract? If not, why not?

4. How does the City plan to cover the cost of relocating existing electric facilities and to upgrade area facilities to meet Stadium requirements? Is it possible to pay for these by a separate utility bond measure to be paid off by pledged electric power use rates from the Stadium operation, garage, other developments benefiting from the upgrades?

5. Is there Federal energy conservation funding and new state of the art demonstration funding sources available to pay for electric requirements of the Stadium and related developments? Recycled water and conservation?

6. Is Federal, State or County funding available if the Stadium meets regional disaster facility requirements?

7. Since a stadium may be a benefit to the region could an agreement with all the cities in Santa Clara County be achieved where they would all impose a special hotel/motel guest service charge to be pledged to pay off bond service?

8. What revenue stream has been identified to pay off any bonds? Are these some of the possibilities?

   * Lease of City land. Lease of air space development rights over City property? (ie. Wolfe Rd. between Stevens Creek Blvd. and Freeway 280 in Cupertino).
   - City garage parking fees?
   - Room occupancy tax from Santa Clara? From all Santa Clara County Cities?
   - Naming rights?
   - Lease by the 49ers?

9. What revenue stream will be used to cover operational and capital improvement costs?

10. Does the City Council intend to place the issue on a ballot for citizen approval? When? What will be the cost? Who is responsible for the election cost?

ENVIRONMENTAL IMPACT

1. Have the 49ers precluded hosting any Monday Night or Thursday Night games given the impact they would have on existing weekday business/commute hour problems in the area?

2. Will the environmental impacts of the sound (crowd and public address) generated by either football or other events (amplified music, un-muffled high performance vehicles) at the stadium be addressed as it relates to the surrounding neighborhood?

3. What is the timeline for the Environmental Impact Report for the Stadium? Who pays for the study? Will it be completed before a public vote on the stadium?

STADIUM AUTHORITY

1. Is the Stadium Authority going to be the direct management of the stadium?

2. Who makes up the Stadium Authority?
   a) A Board of Directors? Appointed? If so by whom?
   b) Elected? If so by whom?
   c) Paid? If so by whom? How much?

3. If the Stadium Authority is the City Council will they sub-contract the management?

4. Stadium Authority Staff:
   What is the anticipated number and expected annual cost of the full-time employees, including salaries and benefits? What are the job descriptions of these employees?

5. Game Day Employees (1,743 projected):
   Are the costs of these employees to be an operating cost of the Stadium Authority or the 49ers?

6. How many police officers will be required for stadium security?
   How many additional police officers will be required for traffic control?
   Will the costs be reimbursed by the 49ers?

7. Given the existing size of the Santa Clara Police Department, how will the Authority meet the staffing requirements?

8. What is the overall annual operating budget expected to be for the Stadium Authority for the first 5 years of operation?

STADIUM FINANCING - ECONOMIC IMPACT

1. Where is the City's announced contribution of $160 million going to come from? Please identify the sources of the City's assets for this contribution and why a public vote would not be necessary for the "gifting" of such funds? What is the direct return on investment on this sum?

2. What will be the assurance to lenders/investors that bond service will be paid? If revenues fail to meet projections, is the City (and its General Fund) and not the Stadium Authority responsible for the payments to bond holders? What is the impact on the City's credit rating if they miss making a payment to the bond holders?

3. If the stadium is being built and operated in Santa Clara, and financed without any outside assistance, any jobs and economic impact listed for the County does not impact the City of Santa Clara. What investment will the County make?

4. Of the 14 additional non-football stadium events that would be held in the facility how many are currently being held at another venue in the Bay Area? Would they be competing with us?

5. What specifically are the full and part-time jobs listed in the Economic Impact Report that would be created in the City of Santa Clara?

6. What is the anticipated lost revenue to the City for locking up the Great America parking lot for the term of the stadium lease?

7. Who makes up the loss of revenue or construction funds should the seat licenses flounder, the naming rights go unsold, etc.?

Carol McCarthy - Fwd: Santa Clara, 49ers sign confidentiality agreement

From: Jashma Kadam
To: Carol McCarthy
Date: 5/7/2007 8:09 AM
Subject: Fwd: Santa Clara, 49ers sign confidentiality agreement
Attachments: Santa Clara, 49ers sign confidentiality agreement

I found the following article very interesting. Would it be possible to get some clarification on the terms under which this agreement was signed? Specifically, the article states that

... the risk would be reduced because the team plans to negotiate contracts to guarantee the money is available before the stadium is built.

Does this mean that the 49ers will actually **guarantee** the $330,464,000 expected to come from "Naming Rights, ..." (cf: slide 12 of the 49ers presentation to City Council on 4/24/07)?

The 49ers' pledge to make up for any shortfalls -- as well as share in any overages -- would go a long way towards allowing the City to enter into a fiscally responsible agreement while respecting the 49ers' proprietary information.

Mary Emerson

1515 Newhall St
Santa Clara, CA 95050

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http://www.mercurynews.com/news/ci_5815668

Santa Clara, 49ers sign confidentiality agreement
By Julie Patel
Mercury News
San Jose Mercury News

Santa Clara city leaders signed an agreement with the San Francisco 49ers this week to keep secret certain sensitive documents about the team's quest to build an $854 million stadium in the city.

The agreement doesn't spell out what documents the team wants kept confidential, but the 49ers say releasing certain financial information could harm their ability to negotiate the best financing options for the stadium.

"It's just common sense - for example, if you're selling a house - you want to be in a competitive situation for items that are going to fund the stadium," 49ers vice president of communications Lisa Lang said.

Stadium critics aren't convinced. They say the public should have the chance to examine every document, because the city is weighing contributing more than $160 million to the project. The stadium

would be owned and operated by a city stadium authority.

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Mercury News Staff Writer Mike Swift contributed to this report. Contact Julie Patel at jpatel@mercurynews.com or (408) 271-3679.

Carol McCarthy - economic study of benefit

From: JC Rowen <jcrowensanjosestate@yahoo.com>
To: <jpatel@mercurynews.com>, <teshanks@comcast.net>, <khardyca@comcast.net>, <attypatty@sbcglobal.net>, <jsparacino@ci.santa-clara.ca.us>, <mayor&council@ci.santa-clara.ca.us>, <califdems@aol.com>, <b.lowery@ix.netcom.com>, <patkolstad@aol.com>, <jamie@jamiemcleod.org>, "Dominic J. Caserta" <caserta@mail.com>, Mike Swift <mswift@mercurynews.com>, Carol McCarthy <cmccarthy@ci.santa-clara.ca.us>
Date: 5/6/2007 5:24 PM
Subject: economic study of benefit

http://www.lincolninst.edu/pubs/dl/671_chapin-web.pdf

please share with Ron Garratt

Identifying the Real Costs and Benefits of Sports Facilities

Tim Chapin

Lincoln Institute of Land Policy
Working Paper

Lincoln Institute Product Code: WP02TC1

Abstract

While public spending on sports facilities has been staggering, this economic development strategy is rife with inadequate information on major issues relating to these projects. Decision makers often have a limited understanding of the real costs and benefits of sports facilities. This incomplete understanding often leads to unforeseen public expenditures at levels far above those originally budgeted for a project. Unlike most of the literature on sports facilities, this paper does not begin with the premise that sports facilities are poor investments, nor does it espouse the view that these investments provide benefits that far outweigh project costs. Instead, this paper assumes that decision makers require a baseline of information available to them when considering this approach to economic development. This baseline of information includes 1) a broad understanding of existing literature on sports facilities and economic development and 2) an awareness of the full range of costs and benefits of these projects.

About the Author

Tim Chapin is assistant professor in the Department of Urban and Regional Planning at Florida State University. He has published papers on sports facilities and urban development and on the political economy of the location of sports facilities. His current research interests are in the areas of downtown redevelopment, infrastructure planning, and growth management.

Contact information:
Department of Urban and Regional Planning
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Identifying the Real Costs and Benefits of Sports Facilities

Introduction

Sports facilities have become a staple of the economic development toolkit in North American cities (Robertson, 1995; Chapin, 2000). Proponents argue that new sports facilities represent a sign of progress, illustrating that despite recent tough times city centers are still vital and active places for commerce and culture. These facilities provide evidence that the public sector is actively pursuing strategies for the redevelopment and revitalization of center city areas. Not to be outdone, suburban cities have also invested millions in sports facilities to illustrate their "coming of age" and to focus development into designated districts of their jurisdictions. Proponents of sport projects have also outlined a number of economic and noneconomic benefits that flow from these facilities, including, but not limited to increased tax revenues, job creation, and community image-building.

For these reasons, sports stadia and arenas have become one of the most popular economic development tools in North America. In the 1990s alone, over forty major league facilities were constructed, with the number of minor league and collegiate sports facilities numbering in the hundreds. In dollar terms, the 1990s will have seen well over $9 billion spent on major league facilities, with approximately 55% of these funds coming from public coffers (*USA Today*, 1996; Chapin, 1999). In a recent policy study by the Cato Institute, the total spent on major league sports facilities in the 20th Century was pegged at over $20 billion, with approximately $15 billion having come from public sources (Keating, 1999).

Public expenditures on stadia and arenas, however, appear to fly in the face of evidence that indicates that these facilities are not wise municipal investments. Studies of the economic impacts of sports facilities have generally concluded that at face value these facilities promise a great deal for a city, but deliver very little in economic returns (see, for example, Baade and Dye, 1990; Baade, 1996a; Noll and Zimbalist, 1997b; Coates and Humphries, 1999). There is concern that decision makers have been unaware of this research or unable to interpret this literature.

While public spending on stadia and arenas has been staggering, this economic development strategy is rife with inadequate information relating to these projects. Decision makers often have a limited understanding of the real costs and benefits of sports facilities. Hidden costs associated with these projects sometimes include the relocation of existing businesses and reduced or abated property taxes on land used for the facilities themselves. An incomplete understanding of the real costs of these projects often leads to unforeseen public expenditures at levels far above those originally budgeted for a project. Alternatively, some argue that stadia and arenas provide image-related and development-related benefits that fall outside the boundaries of traditional

cost-benefit analyses (Chema, 1996, Johnson and Sack, 1996). Proponents argue that a narrow view of the benefits of these projects has contributed to the conclusion that sports facilities simply do not make sense as economic development tools.

This paper is intended to provide an overview of major issues involved in this economic development approach. Unlike most of the literature on sports facilities, this paper does not begin with the premise that sports facilities are poor investments, nor does it espouse the view that these investments provide tangible and intangible benefits that far outweigh project costs. Instead, this paper assumes that decision makers need to have a coherent and succinct baseline of information available to them when considering this approach to economic development. This baseline of information includes 1) a broad understanding of existing literature on sports facilities and economic development and 2) an awareness of the full range of costs and benefits of these projects. The next section provides a summary of the literature on the impacts of these facilities, discussing both the economic and noneconomic impacts of sports facilities in host communities. Attention then turns to an outline of the costs and benefits associated with sports projects. While the economic costs and benefits have garnered the lion's share of attention in the literature, there are other costs and benefits that should be considered before any decisions are made. The final section outlines the major lessons to be garnered from our collective understanding of the impacts of sports facilities on cities and their economies.

The Economic and Noneconomic Impacts of Sports Facilities

Crompton (2001, 16) writes that advocates for sports facilities have utilized five lines of argument to generate support for public spending on these projects: 1) economic impacts from visitors due to increased spending (new money), 2) stimulation of other development (spin-off development), 3) increased community visibility, 4) enhanced community image, and 5) psychic income. At a very basic level, these impacts are best categorized as *economic impacts* (#1 and #2) and *noneconomic impacts* (#'s 3–5). *Economic impacts* include such things as spending by fans at events, by players in the community, money generated by spin-off businesses, as well as a wide variety of other impacts that can be tied to the flow of money in the economy. *Noneconomic impacts* include social impacts, such as the communal experience of attending sporting events at a ballpark or the community identity and pride generated by a local championship team.

Reflecting this distinction, research into the impacts of sports facilities has also proceeded along two very different paths, one strictly economic and one with an eye towards noneconomic impacts. The literature on the economic impacts of sports facilities is further bifurcated, with consultants usually determining that teams and sports facilities have a sizable economic impact while scholarly studies almost unilaterally conclude that sports facilities are not wise investments. The literature on the noneconomic impacts is somewhat more positive, concluding that noneconomic impacts are present and often positive, but hard to quantify. To provide decision makers with a baseline of information essential to good decision making, these literatures are summarized below.

The Economic Impacts of Sports Facilities

Two types of studies have dominated the economic impacts literature: 1) economic impact analyses undertaken for a specific proposed or existing sports facility or team and 2) longitudinal and/or cross-sectional studies of the impacts of sports on cities in North America. This first subset is dominated by consultant-prepared reports that indicate that teams and facilities have a substantial impact upon a local economy. Despite their utility, these studies are usually fraught with problems, often overstating economic impacts of teams and facilities. In contrast, the second subset is dominated by scholar prepared studies that almost universally conclude that, on economic terms alone, sports facilities are not wise investments.

Economic Impact Reports

When a debate arises over the prudence of spending public funds on a new sports facility, invariably an economic impact study is undertaken to determine the dollar and employment impacts of the new facility or of the local professional sports team. These studies typically conclude that a new stadium or arena would pump tens of millions of dollars into the local economy. For example, a study prepared for King County (Seattle metropolitan area) on the impact of the Seattle Mariners baseball club determined that the total impact of the team on the local, regional, and state economy was $142 million in 1993, generating over 2,200 jobs in the state that year (Conway and Beyers, 1994). Baade (1994) cites several studies that estimate the impact of sports in Philadelphia, New York, and Baltimore from as low as $200,000 in annual marginal economic activity generated by Baltimore's NFL team, to $500 million for the total economic impact of all of Philadelphia's teams combined. A study by Ragas *et al* (1987) of the New Orleans Superdome concluded that the public's investment in that facility was well worth the costs, with a benefit-cost ratio of over twelve dollars in benefit for every one dollar in the public's cost. The implication of these studies is that a local government should devote public funds to a sports facility given the massive economic impact of these investments.

Scholars have taken issues with these economic impact studies, concluding that they often over-inflate the economic impacts of sports teams and facilities (Hunter, 1988; Hefner, 1990; Crompton, 1995). Hunter (1988) identifies two major problems with these studies: 1) the "local production fallacy", in which the local economy is assumed to be the benefactor of *all* economic activity created by the new facility and 2) the "Taj Mahal syndrome", whereby the local economy is increasingly better off as the project costs increase, in large part because the project costs are assumed to be an input for the local economy. Hunter (1988) notes that what these studies often fail to recognize is the opportunity costs of money spent on a sports facility. This money could be spent on other projects, such as libraries or new roads, providing other benefits not realized because this money was dedicated to a stadium or arena, or not spent at all, thereby lowering local taxes and perhaps spurring the economy through consumer spending.

Crompton (1995) points out that economic impact studies typically fail to distinguish between total and marginal impacts on the economy. This oversight gets at the concept of "new money", an idea that is at the heart of the debate over the economic impacts of sports facilities. Total impacts are, not surprisingly the total impact of all spending related to a sports facility. Marginal impacts (new money) refer to money that would otherwise not be in the local economy if a new facility or a team did not exist. In the Conway and Beyers (1994) study, the authors note that of the $142 million total impact on the Washington state economy, $43 million was determined to be "new money".

Economic impacts reports can be valuable inputs into the decision making process, but only when these reports consider the full range of costs and benefits of these projects and only when prepared by skilled and unbiased consultants. Hefner (1990) argues that the underlying methodologies used for these studies are indeed valid, but only when applied appropriately and interpreted correctly. The assumptions of any analyses undertaken should be transparent and the methodologies used should be well explained. Lastly, there needs to be a clear distinction between total economic impact and marginal economic impact to correctly understand and interpret the results generated.

Research into the Economic Impacts of Sports Facilities

By far the most research into sports facilities has been in the area of the impact of stadia and arenas on their local and regional economies (Gratton and Henry, 2001). Usually prepared by scholars, these studies have typically attempted to measure the total and marginal economic impacts, the number of jobs, and the amount of tax revenues generated by a facility or team. This analysis has usually been undertaken at the city or the metropolitan level, in large part because of data limitations for smaller geographic levels.

Almost to the last, these studies have found that sports facilities are not the economic development engines that they claim to be (Rosentraub and Nunn, 1978; Baade, 1987; Baade and Dye, 1990; Rosentraub and Swindell, 1991; Baade, 1994; Baim, 1994; Rosentraub *et al*, 1994; Baade, 1996a; Baade, 1996b; Rosentraub, 1997a; Noll and Zimbalist, 1997b; Hudson, 1999; Coates and Humphries, 1999). In a number of studies over the years, Baade (1987; 1994; 1996a) has found that sports do increase the size of local and regional economies, instead they alter the content of the economy, driving it towards lower wage service employment. Rosentraub, a well-known critic of public spending on sports facilities, has investigated the impacts of these projects on suburban areas (Rosentraub and Nunn, 1978; Rosentraub and Swindell, 1991), in the city of Indianapolis, where sports projects have dominated that city's redevelopment agenda (Rosentraub *et al* 1994), and in other cities throughout the United States and Canada (Rosentraub, 1997a). In all cases, Rosentraub concludes that sports facilities simply do not offer economic benefits that outweigh the economic costs of these projects.

Complementing these lines of research have been statistical analyses of the impacts of sports teams on urban economies. A study by Hudson (1999) investigated the impact of

sports teams on employment growth and found that the presence of professional sports teams had no statistically significant effect. A similarly detailed study of 37 metropolitan areas by Coates and Humphries (1999) concluded that there is no evidence that sports facilities and sports teams increase the rate of real per capita income and, in fact, may actually generate a negative impact on real income per capita.

Noll and Zimbalist's book, *Sports, Jobs, and Taxes* (1997b), should once and for all end the debate about sports facilities as wise economic investments. Echoing and summarizing much of the previous research on the topic, the book concludes that sports teams and sports stadia are simply too insignificant to generate measurable economic benefits. The editors of this book summarized their research when they wrote that their book:

> "examine[d] the local economic development argument from all angles: case studies of the effect of specific facilities, as well as comparisons among cities and even neighborhoods that have and have not sunk hundreds of millions of dollars into sports development. In every case, the conclusions are the same. A new sports facility has an extremely small (perhaps even negative) effect on overall economic activity and employment. No recent facility appears to have earned anything approaching a reasonable return on investment. No recent facility has been self-financing in terms of its impact on net tax revenues. Regardless of whether the unit of analysis is a local neighborhood, a city, or an entire metropolitan area, the economic benefits of sports facilities are *de minimus*." (1997a)

The Failure of Sports Facilities as Economic Development Tools

Why have sports facilities been deemed unwise economic investments, despite what appear to be substantial employment and dollar impacts on a local economy? The following have been cited as the primary reasons that sports facilities are poor economic development tools:

- **Substitution Effects**: Sports facilities simply redirect spending from one entertainment activity to another, thereby producing little to no increases in economic activity for a region (Sanderson, 2000). If a new stadium isn't capturing money spent by fans attending events, it has been argued that almost all of this money would still flow through the local economy via movie theaters, restaurants, and other entertainment venues. Consequently, the amount of "new money" generated by a sports facility is very small even given the most optimistic assumptions.
- **Leakages in the Economy**: Any industry has "leakages", a concept that captures the idea that a certain percentage of money spent on a given industries' local products and services flows out of the local economy to non-local entities, usually in the form of other businesses, corporate offices, or through non-local spending. The

professional sports industry is particularly susceptible to leakages out of the local economy. Revenues that flow to professional sports teams, the majority of which ends up in the pockets of players and owners, are less likely to remain in the local economy because owners and players do not spend a large percentage of their money locally (Sanderson, 2000).

- **The Size of the Economic Engine**: At first blush, professional sports appears to be a substantial industry for a metropolitan economy. Conway and Beyers (1994) placed the economic impact of Seattle's baseball club at over $140 million per year. However, while certainly a significant figure, this accounts for only a very small portion of the Seattle metropolitan economy. In reality, individual sports teams and facilities are very minor players in a region's economy. Rosentraub (1997a, 176) analyzed employment and economic activity attributable to professional sports and concluded that "by themselves, sports teams are not economic engines; they have too few employees and involve too few direct dollars to be a driving force in any city or county's economy."

- **Impacts on Metropolitan Economic Growth**: Related to the above, sports facilities have been shown to have no discernible positive impact upon metropolitan economies (Baade, 1996a; Hudson, 1999; Coates and Humphries, 1999). Proponents of sports facilities have argued that these projects offer locational and perceptual advantages that can improve a region's economy. No study to date has verified the claim that investments in sports facilities can help the regional economy to grow. In point of fact, some studies have concluded that these projects may actually hurt the regional economy because it predisposes the economy towards lower paying service sector jobs (Rosentraub *et al*, 1994; Baade, 1996a; Coates and Humphries, 1999).

- **Quality of New Jobs**: All analysts agree that new sports facilities will generate short term and long-term jobs. In the short term, construction firms are employed to build a facility as several hundred millions are spent to construct the stadium or arena. Over the longer term, jobs are also created to provide services at the facility (vendors, ticket takers, ushers) or within the surrounding district at any new spin-off businesses (often including restaurants and clothing vendors). While a few thousand jobs are indeed created, these jobs are often low paying, seasonal, service sector jobs that cannot serve as the basis for a quality economy (Baade, 1996a).

- **Indirect Project Costs**: New sports facilities typically require substantial ancillary investments, the costs of which usually fall on the public sector. These costs often include major infrastructure improvements (interstate interchanges, water/sewer lines) and new parking structures, projects that quickly can add another $50–$100 million to a new facility's price tag. In addition, there are other hidden costs that can contribute to the public sector's bill for a new facility, such as large pieces of property removed from the property tax rolls and the relocation of businesses out of the project area.

- **Opportunity Costs**: The public sector is always short of funding to address all needs in a given community or region. When spending public funds on a sports facility, the

public sector has actually made two choices; 1) to spend money on the stadium and/or arena and 2) to not spend this money on other needs. Money encumbered for a sports facility cannot be spent on other needs. In addition, by choosing to use a given piece of land for a sports facility also loses an opportunity to utilize this land for other needs or other uses.

When considering the benefits and costs of a proposed sports facility, the benefits and costs of other potential uses of the money and the land required for a new facility must be considered. Noll and Zimbalist write (1997c, 62), "the opportunity foregone in building a stadium is not the cost of the stadium, but the benefits from the other ways this money could be spent." Opportunity costs are one of the most overlooked aspects of sports facility financing and they are rarely included in economic impact studies prepared on behalf of teams or governmental agencies. These costs can be substantial, particularly given that most local governments have limited funding available to meet growing needs in their communities.

- **Flow of Facility Revenues**: Lastly, the flow of revenues from sports facilities have helped to consign sports facilities to the status of failure as an economic investment. Most revenues from sports facilities, even those built with public funding, tend to flow to the sports teams and not into the coffers of the public sector. While the previous era of sports facilities were unable to cover their debt payments (Baim, 1994), many modern sports facilities generate revenues sufficient to cover their construction and operating costs. Luxury suites, club seats, stadium naming rights, pouring rights, parking revenues, and ticket revenues are just some of the revenue streams that flow from these facilities, streams that generate in excess of the $400 million in funds required for modern sports facilities. However, in almost all cases, these revenues flow to the teams and not to serve the debt from these projects. Scholars attribute the flow of these revenues to the teams to the cartel status of the major league sports leagues, in effect forcing governments to accede to the demands of a limited number of potentially footloose franchises (Rosentraub, 1997a; Rosentraub, 1999; Sanderson, 2000).

The Noneconomic Impacts of Sports Facilities

The *economic* impact of sports facilities has received the majority of attention from scholars in large part because project proponents have usually justified public expenditures on stadia and arenas on purely economic grounds (Crompton, 2001). However, there is an emerging recognition that there are concurrent *noneconomic* impacts to these projects, ones often overlooked by both proponents and adversaries of public spending on sports facilities. In recent years, scholars have begun to turn their attention to costs and benefits that cannot be captured in terms of dollars and jobs. This section first addresses the issue of why noneconomic impacts matter. Following on this is a summary of the literature on these impacts.

Why Noneconomic Impacts Matter

The previous section's review of the economic impact of sports facilities reached the firm conclusion that sports facilities are not wise economic investments. Typical economic impact studies were shown to be flawed and sports facilities were revealed to be small, inefficient, and ineffective engines of economic development. It would seem, then, that the debate over the prudence of spending public funds on these projects has been answered in the negative.

Despite this unavoidable conclusion regarding the economic sense of these projects, there might still be compelling noneconomic reasons for decision makers to support public spending on stadia and arenas. First, the public sector routinely invests in large projects that are not economically viable, but whose package of benefits outweigh the costs for these projects. Second, these projects require both economic and noneconomic inputs, suggesting that both economic and noneconomic outputs (impacts) should be considered. Lastly, noneconomic impacts are potentially very significant and can potentially tip the balance of a holistic cost-benefit analysis. Each of these ideas is discussed further below.

Cities routinely invest in projects that are not economically viable, such as symphony halls or major art museums, projects with large price tags that charge entry fees to see performers play or artists display their work. On strictly economic terms projects such as these would be deemed unsuitable for public funding. The public sector routinely invests in projects that are economic sinkholes, but whose noneconomic benefits (e.g. providing opportunities for the public to experience art, sustaining and promoting the artistic community, contributing to downtown or sector development) are deemed sufficient to attract public investment. While a comparison between sports facilities and symphony halls/art museums is a bit strained (there are not billionaire "team owners" paying millionaire salaries to artists or musicians), the underlying point is that noneconomic factors are routinely considered by public sector decision makers when determining how to spend scarce public resources.

An evaluation of sports facilities should also consider a fuller range of impacts because both economic and noneconomic resources are required to see these projects through (Johnson and Sack, 1996). Sports facility economic impact studies typically focus solely upon the capital inputs required for the construction of the new stadium/arena and the direct and indirect revenue streams generated by these projects. There is little to no recognition of the political capital required to get these projects through the political process. In addition, any discussion of the social costs and benefits (community prestige, downtown (re)development, improved quality of life, promotion of a low wage service economy) of these projects are routinely avoided as well.

When a more complete range of noneconomic costs and benefits begins to come into focus, it becomes apparent that these impacts should influence the decision making calculus underlying these projects. Noneconomic impacts are not just broad, but potentially very large. For example, Chema (1996) argues that the downtown image and

development impacts of the Gateway Project in Cleveland, a roughly $500 million stadium/arena project that has been a drain on the city and county purse, more than balance out the economic costs attributable to the project. Sanderson (2000) has concluded that a combination of economic and noneconomic benefits (consumption benefits, civic pride, a lack of viable substitutes for sports entertainment) might indeed be sufficient to warrant public funding for a new sports facility.

A Review of the Noneconomic Impacts Literature

The literature on the noneconomic impacts of sports facilities is much smaller and less developed than research into the economic impacts. Because more traditional quantitative evaluation techniques, such as cost-benefit analysis, economic base analysis, and input-output analysis, are less easily applied to noneconomic impact analysis, findings come primarily from case studies of specific towns, projects, or sporting events. In addition, because these impacts remain poorly operationalized, scholars have sometimes struggled in determining the relative size and importance of these impacts.

Nevertheless, the literature does reach consensus on several issues that are of interest to decision makers. First, noneconomic impacts have been shown to exist and decision makers should be attuned to these. Second, noneconomic impacts have been determined to take many forms, but they are best understood as 1) social/psychic impacts, 2) image impacts, 3) political impacts, and 4) development impacts. Third, these impacts take the form of both costs and benefits, although it is often assumed that noneconomic impacts only take the form of benefits. These ideas are discussed further below.

The Existence of Noneconomic Impacts

In recent decades, the impacts of sport on society have begun to garner attention from sociologists, urban planners, and geographers. While it is undeniable that sports have tremendous cultural, social, and economic impacts, scholars have struggled on how to distill and operationalize these impacts so that decision makers can make use of this research. Some scholars have discussed the political ramifications, usually characterized as "regime-building", of these massive public projects (Pelissero *et al*, 1991; Euchner, 1993; Sage, 1993; Schimmel, 2001), illustrating the immense political resources required by these projects. Other research has investigated the role of sports facilities in helping to regenerate urban areas, concluding that district redevelopment is a possible outcome from these projects (Baade and Dye, 1988; Rosentraub, 1997b; Chapin, 1999).

Among the best investigations of the noneconomic impacts of sports facilities is a study by Johnson and Sack (1996). The authors used a case study New Haven, Connecticut to document the numerous noneconomic benefits and costs of the city's choice to construct a tennis facility to host an international tennis tournament. They identified numerous noneconomic impacts, both positive and negative, varying from increased political conflict to potential image benefits resulting from the project. From this, they concluded

that "...one cannot answer the question 'Is it worth it?' solely by focusing on economic data. *The ultimate value of a sports facility or event is more or less than its net economic impact.*" (378, emphasis added) From this and other studies, then, it is clear that sports facilities have noneconomic impacts and that these impacts are important to any evaluation of these projects.

Categorizing Noneconomic Impacts

Crompton (2001) identified three broad types of noneconomic impacts; increased community visibility, psychic income, and enhanced community image. These social/psychic and image related impacts represent a nice starting point for categorizing the noneconomic costs and benefits that flow from sports facilities. Johnson and Sack's (1996) study illustrates that noneconomic impacts can take other forms as well. They determined that there were indeed potential social and image-based impacts (health impacts in the form of a growing interest in tennis, increased community identity and community solidarity), but that there were potential development impacts as well (renewed public interest in downtown New Haven, some redevelopment of downtown land), although many of the projected benefits did not materialize. Johnson and Sack also determined that political costs and benefits were one of largest noneconomic impacts in New Haven. City leaders had to marshal support for the project with the public and key civic/business leaders, expending precious political capital in the process.

Following from Crompton (2001) and Johnson and Sack (1996), noneconomic impacts are best categorized along four dimensions: 1) social/psychic impacts, 2) image impacts, 3) political impacts, and 4) development impacts.

Social/psychic impacts refer generally to the enjoyment provided by sports and sports facilities to citizens in a community. Economists use the term "consumption values" to capture this idea. Zimmerman (1997, 121) writes that consumption benefits result from "living in a 'big league' town, from having another topic of conversation that is common to most citizens, from reading about its successes and failures in the newspaper, and the like." While it is widely understood that consumption values exist and are substantial, these benefits are very hard to quantify (Noll and Zimbalist, 1997c). However, Noll and Zimbalist (1997c, 58) note that it is possible that these benefits outweigh the public's costs for a new sports facility.

Two studies have attempted to quantify consumption benefits, yielding opposite conclusions concerning whether or not these benefits outweigh public sector costs. Irani (1997) found that in five of the eight cities investigated consumption benefits were substantial enough to tip the benefit-cost equation in support of public spending on new sports facilities. Alexander *et al* (2000) undertook a more detailed study across the four major leagues and attempted to mitigate some shortcomings they found with Irani's study. Alexander *et al* (2000, 335–336) concluded that consumption benefits do not outweigh the public sector's costs in any of the four sports leagues, although they term

their conclusions "tentative". Both studies agree that further research is required to arrive at a more firm conclusion.

Image impacts captures the concept that a city may experience benefits from being a "major league city", home to a franchise from one of the four dominant sports leagues in North America. Proponents routinely cite image building as one of the primary benefits of building a new stadium or arena. Image related impacts include increased community visibility and an ability to better compete for relocating businesses and households. The status of being a major league city is one that has driven many cities to vigorously pursue major league sports, as cities like Jacksonville, Indianapolis, and Nashville pursued and eventually acquired teams through massive investments in sports facilities.

While most analysts agree that there are image impacts following a new sports facility, identifying these and quantifying these impacts has been difficult. To be sure, having a major league sports team allows smaller cities like Green Bay, San Jose, and Memphis to have a national and international marketing presence not likely available to them otherwise. The value of this community visibility remains unknown. Studies of business and household relocation decisions have found sports facilities to be largely irrelevant, as business are usually more interested in factors such as low taxes and a positive business climate, while households too want low taxes, but also good schools and good medical facilities (Danielson, 1997). Finally, while "major league city" status is desirable, there is no evidence that this status conveys any quantifiable benefits to a community.

Political impacts refer, not surprisingly, to the political costs and benefits that flow from a sports facility. Because sports facilities are high profile projects, they offer opportunities for politicians to rally a community around redevelopment efforts, in the process catapulting a leader to higher political office. For example, William Donald Schaeffer's efforts to redevelop downtown Baltimore, including support for plans for two new downtown stadia, played a role in his ascendancy to the state's governorship. Similarly, Cleveland's George Voinovich support of the Gateway Project helped propel him to statewide prominence and eventually to the governor's office and later the U.S. Senate.

In their case study of New Haven, Johnson and Sack (1996) found that political impacts were among the among the most important of the noneconomic impacts. Minority and poor residents in the city saw a tennis facility as just another in a long line of large, expensive projects that benefited a limited set of individuals, with only very minor trickle-down benefits to those community residents most in need. The authors concluded that these political costs were considerable, requiring substantial energy and time from the administration to see the project through. Pelissero *et al* (1991) identified a very similar conflict in Chicago surrounding a new ballpark and a new football stadium. In that city, political leaders had to very carefully manage both sides of the debate and attempt to balance the wants of the teams and sports fans versus the needs of poor and minority communities.

Development impacts refers to physical redevelopment in the area immediately surrounding and in the district encompassing a new sports facility. Proponents have argued that sports facilities can potentially catalyze new development within the surrounding area because of large investments in the district and the volume of activity generated by events at a new facility (Chema, 1996; Rosentraub, 1997b; Chapin 1999). Crompton (2001) characterizes these development impacts as one of two types: complementary development and proximate development. Complementary development refers to new or reused buildings that specifically take advantage of the crowds generated by events. Proximate development refers to development that occurs because of a more general upturn in the fortunes of the district or to take advantage of new infrastructure provided for the new stadium or arena.

Some evidence indicates that development impacts are a potential benefit of investment in a new sports facility. Danielson (1997) cites several cities (St. Louis, Atlanta, New Orleans) where areas around new facilities experienced new development, both complementary and proximate. However, he also notes that other cities have stadia that remain isolated within dilapidated, still declining districts. Chapin (1999) investigated the development impact of two sports projects (Cleveland's Gateway and Baltimore's Camden Yards) on their surrounding districts. Only in the case of Cleveland did the surrounding district experience substantial physical redevelopment. From this Chapin (1999) concluded that sports facilities offer opportunities for development but that this outcome is by no means guaranteed by investments in sports facilities.

A related, but largely unexplored issue is that of the development *costs* of these projects. New facilities often require the relocation of existing businesses and/or government offices to provide enough land for a stadium or arena. Similarly, concurrent infrastructure improvements (interchanges, for example) may also require the relocation of existing firms from the district. While these development costs are sometimes identified as following from a project, they remain largely overlooked in the rush to get a project completed. Chapin (1999), for example, found that numerous businesses had to be relocated for the Camden Yards project area in Baltimore.

The Form of Noneconomic Impacts

The literature quickly yields the conclusion that sports facilities can have substantial noneconomic impacts and that these impacts take a wide variety of forms. In general, these findings have informed the debate concerning the prudence of public investment into sports facilities. Noneconomic impacts are routinely considered by the public sector when evaluating these projects and these impacts often serve as the underlying justification for a decision maker's or the citizenry's vote to provide public funds for projects.

However, one element of this literature has largely been overlooked, that noneconomic impacts can take the form of both benefits *and costs*. Johnson and Sack (1996, 378) write

that when "studies do include commentary on intangibles [noneconomic benefits], they erroneously assume that all intangibles will represent positive outcomes." Many noneconomic benefits that sports facilities confer have a corollary cost often ignored by the public sector. For example, while sports facilities can generate tremendous political goodwill, catapulting a leader to a higher office, the tremendous political capital required to push these facilities through the process takes away from other initiatives. Similarly, while development benefits are possible, there are also development costs, such as business relocations, the paving of valuable urban land for parking lots, or the removal of large pieces of land from the property tax base.

Even the social benefits of sports and sports facilities are not costless. A community's visibility and image can be negatively impacted by a sports facility. When successful, sports facilities can project an image of a competent, successful, visionary city, as with Baltimore's or Denver's experience with their thriving urban ballparks. However, an unsuccessful facility can project a poor image of a city, as with Milwaukee's over-budget ballpark, Miller Park. This new ballpark has been plagued by construction accidents, a leaky roof, and dwindling crowds. Does Milwaukee's problems with their stadium suggest that the city is in decline or that city leadership is incompetent? Of course not, as a number of factors affect the success and failure of a project, much less the rise and fall of urban areas. However, if project proponents argue that a city's image can be positively impacted by a successful project, then it must also be understood that an unsuccessful project can negatively impact a city's image as well.

Identifying the Real Costs and Benefits of Sports Facilities

A central purpose of this paper is to provide an overview of the wide variety costs and benefits that follow from the decision to utilize public funds to construct a new sports facility. This section provides a summary review of these impacts. Costs and benefits have been categorized across two variables; 1) basic form (Economic vs. Noneconomic) and 2) consideration by the public sector (Typically Considered vs. Not Typically Considered). The first of these categorizations requires no explanation. The second category refers to whether or not a given cost or benefit is typically included in a sports facility impact analysis prepared by or for the public sector.

Table 1 summarizes the real costs and benefits that follow from a sports facility. As the table shows, there is a much larger mix of costs and benefits attributable to these projects than is typically considered by the public sector. A total of thirty-four costs and benefits are identified in the table. Table 1 illustrates that many of these costs and benefits are largely overlooked by public sector decision makers in assessing the real impact of these projects. Of the eighteen costs identified, only three are included in the typical sports facility impact assessment. On the benefit side, of the sixteen benefits, four are typically overlooked, including marginal economic activity, which is a subset of total economic activity. A detailed discussion of Table 1 is provided below.

Table 1: The Real and Potential Costs and Benefits of Sports Facilities

		COSTS	BENEFITS
ECONOMIC	Typically Considered by Public Sector Decision Makers	▪ Land Acquisition Costs ▪ Construction Costs ▪ Carrying Costs (Operation and Maintenance, Debt Service)	▪ Tax Revenues (Sales, Property, Personal, Sin, Others) ▪ Stadium Revenues (that flow to the public sector) ▪ Total Economic Activity (Dollars and Jobs) ▪ Spin-Off Businesses ▪ District (Re)Development ▪ Impact of Other Events
	Not Typically Considered by Public Sector Decision Makers	▪ Required Infrastructure Improvements ▪ Business Relocation Costs ▪ Property Tax Losses (Removal from Tax Rolls, Abatements) ▪ Public Service Costs for Events (Police, EMS, Other) ▪ Opportunity Costs for Funds ▪ Opportunity Costs for Land ▪ Encumbrance of Bonding Capacity ▪ Demolition and Site Work for Old Facility (if applicable) ▪ Impact on District Surrounding Old Facility (if applicable)	▪ Marginal Economic Activity (New Money, New Jobs) ▪ Reuse Opportunities for Old Facility Site (if applicable) ▪ Impact on District Surrounding Old Facility (if applicable)
NONECONOMIC	Typically Considered by Public Sector Decision Makers		▪ Community Identity ▪ Civic Pride ▪ Community Visibility ▪ Consumption Benefits ▪ Political Capital Gained ▪ Support of Development Logic
	Not Typically Considered by Public Sector Decision Makers	▪ Community Identity ▪ Community Visibility ▪ Potential for Political Conflict ▪ Political Capital Expended ▪ Political Opportunity Costs ▪ Disconnect with Development Logic	▪ Project Planning/Management Capacity Building

Economic Costs and Benefits Typically Considered

Unsurprisingly, the direct economic costs attributed to a facility are typically considered by the public sector. The sum of these values usually reflects the "total bill" for a project when it is presented to the public in public documents and meetings. Although there is a tendency for these costs to grow beyond those originally estimated, these costs are typically part of the decision making calculus by the public sector.

The public sector also considers many of the direct benefits that may flow from a sports facility. Included in these are projections of increased tax revenues and any stadium revenues that have been negotiated to flow to the public sector (parking revenues or ticket surcharges, for example). In addition, economic impact studies typically estimate the total economic impact attributable to the new facility, often summarized in the form of employment and dollar impacts in a given year.

The public sector also typically considers other potential indirect economic benefits attributable to a new facility usually in the form of spin-off businesses and spin-off development. A stadium or arena can sometimes brings with it ancillary development, new restaurants and/or new hotels in the district, perhaps catalyzing the (re)development of an entire district. These potential benefits are often part of the decision making calculus. However, these benefits are often assumed to flow from a project ("if you build it, they will come"), even though (re)development impacts are often illusory.

Lastly, the construction of a new sports facility often brings other events to an area that otherwise would not have come to the city. For example, Major League Baseball has routinely awarded All Star Games to cities that have built new ballparks. These events can have a substantial total economic impact (upwards of $100 million) and these benefits should be part of an impact analysis, which they usually are. In addition, if a new facility allows a city to host events (conventions or concerts/shows) that would not otherwise have come to town, then the economic benefits of these events should be considered. Estimates of these benefits are usually available to decision makers.

Economic Costs and Benefits Not Typically Considered

One of the most glaring weaknesses in the public sector's decision making process regarding sports facilities is the poor level of information on the economic costs of these projects. While direct costs are well understood, there are a number of hidden costs that the public sector typically overlooks. These costs are potentially substantial and should be part of the any project impact analysis, although they typically are not.

For example, the cost of any major infrastructure improvements required for a new facility (interchanges, new roads, water/sewer lines) normally fall to the public sector. Alone, these improvements can easily require up to $100 million in public funds. Other hidden costs include business relocation expenses for firms required to relocate to new locations, property tax losses for land removed from the property tax rolls, and the costs

of providing public services for events at the facility. Individually these costs may not seem significant, but they can quickly sum to millions of dollars.

Opportunity costs are also rarely considered by the public sector. The public sector typically has finite resources for seemingly infinite needs, so the opportunity costs for both the funding and the land for the facility must be part of the decision making calculus. In a related issue, there are opportunity costs related to the use of municipal debt for sports facilities. A local government typically has set limits on their bonding capacity, as their debt thresholds are set by local, state, or federal statutes. If a city uses a substantial portion of their available debt on a sports facility, they cannot use debt financing for other community needs even if they are immediate and pressing. Additionally, these debt commitments are usually over a period of at least fifteen years, encumbering a portion of the public sector's financing capacity for a long period of time.

Lastly, in cases where a city is replacing an existing facility with a new one, the economic costs associated with the old facility should be considered as well. The old facility will need to be demolished and the debris removed from the site. Site remediation costs should also be factored in. These costs are not trivial and can easily run into the millions of dollars. In addition, the economic impact on the district surrounding the old facility must be considered. If the surrounding land uses complemented the sports facility (restaurants, bars, visitor shopping), then these businesses may relocate or terminate operations as their customer base may have moved to the district surrounding the new facility.

On the benefit side, the most important economic benefit overlooked by the public sector is the marginal economic impact of the facility. A subset of the total economic impact, the marginal impact captures the effect of "new money" in the local economy. As discussed earlier, this number provides a more precise valuation of the economic impact of a sports facility. Decision makers should not accept economic impact studies that do not include this figure. Fortunately for decision makers, estimates of marginal impacts have been become a more common element of economic impact studies in recent years.

Another overlooked economic benefit rests in the reuse of the site of an old stadium/arena and the potential redevelopment of this site and the surrounding district. Large, consolidated pieces of land are valuable and can be resold for substantial return. These sites can also generate property taxes if they are returned to the tax rolls, generating an economic benefit. Additionally, the departure of a sports facility can lead to (re)development opportunities in the surrounding that can potentially bring substantial economic returns.

Noneconomic Costs and Benefits Typically Considered

As Table 1 shows, the public sector usually considers the majority of the noneconomic benefits that potentially flow from a sports facility. Leaders recognize that a new sports

facility can contribute to a community's identity and civic pride in a way that few other major capital investments can. It is also understood that a new sports facility provides image benefits that are hard to translate into dollar impacts. There is also some recognition of the consumption benefits provided by sports teams and sports facilities, often cited as benefits to a region's "quality of life."

Political officials usually recognize the political opportunities offered by these large, visible public works projects. As detailed earlier, the political careers of many mayors and councilpersons have benefited greatly from backing new sports facilities. Even projects that have experienced tremendous acrimony in their planning and development stages often generate equal amounts of goodwill when the opening date for a given facility arrives. Showpiece projects like sports facilities are the hallmarks for many administrations and public sector leaders almost always recognize the immense political upside of these projects.

Lastly, sports facilities can potentially provide an excellent fit to the "development logic" in a city, providing substantial development benefits to a community. Johnson (1991; 1995; Johnson and Sack, 1996, 379) has put forth the idea of a development logic to capture the "policy context within which [a] project was designed", arguing that the project's fit to and integration with an overarching development plan should be considered when evaluating a project. In studying minor league baseball stadia, Johnson (1991, 318) argued that new facilities "can be used to advance economic development in terms of redevelopment activity or new development opportunities." In Cleveland, for example, the Gateway project was part of a larger plan for downtown redevelopment that identified the Gateway District as an entertainment and sports oriented district that would have synergies with nearby entertainment and shopping oriented districts (Chapin, 1999). These potential benefits are often identified by proponents of sports facilities and are usually included in the decision making calculus.

Noneconomic Costs and Benefits Not Typically Considered

While the vast majority of noneconomic benefits are typically considered by decision makers, noneconomic costs are generally not. Table 1 indicates that the noneconomic downsides of investments in sports facilities are ignored when weighing the costs and benefits of these facilities. Rarely does the public consider the psychic/social and image costs that might potentially flow from a project. For example, the Seattle Kingdome, an ugly, concrete, domed stadium torn down in the late 1990s, despite tens of millions of dollars of debt still owed on the facility, did little to project the image of a successful, vibrant northwestern city. The facility also had maintenance problems over the years, requiring unexpected funding from the public sector. The stadium became something of a public embarrassment, leading to decisions to build two new stadia to replace the Kingdome with a bill approaching $1 billion, with a majority of funding coming from public coffers.

Similarly, political costs are rarely considered as well. Sports facilities almost always engender tremendous political debate, requiring substantial investments of resources from the governing coalition and diverting attention from other issues of importance. Additionally, these projects often polarize a community, generating political discord that can haunt a community for years. Residents of Minneapolis/St. Paul, and Minnesota more generally, continue to be bitterly divided over the "need" to provide new sports stadia for their MLB and NFL franchises, a debate that has raged almost ten years. While decision makers usually consider the political benefits of these projects, political costs are rarely recognized as an almost certain part of the process.

Lastly, while sports facilities can promote a "development logic", there are times when these projects actually work against ongoing economic development efforts. Baltimore's Camden Yards stadia have been hailed as model sports projects. However, these stadia have actually worked against the city's longstanding efforts to promote industrial development in a district adjacent to Camden Yards (Chapin, 1999). The need for parking for the crowds that attend events at the two stadia has led to numerous new surface parking lots in this industrial district. Similarly, Seattle's SoDo (South of Downtown) district was envisioned as a light manufacturing, industrial, and waterfront district, but the siting of a new ballpark in SoDo has instead led to new restaurants and other entertainment oriented uses being established in the area. If a facility provides a poor fit to the development logic for a portion of the city, it can retard economic development efforts rather than promote them. These development costs are rarely considered in typical impact studies.

On the benefit side, there is one potential benefit that is usually overlooked in impact studies. Sports facilities are very complex projects, usually requiring diverse funding sources and attention from multiple governmental organizations. As such, these projects offer opportunities to develop a community's capacity for undertaking and completing very difficult projects. In doing so, a community can benefit from the lessons learned from these projects and apply these lessons to future projects. A community's capacity for undertaking large (re)development projects can be enhanced in the process of funding, planning, and implementing a sports project.

Conclusion

Any decision regarding the question of public funds for sports facilities requires of decision makers a broad grasp of issues related to economics, politics, tax policy, real estate development, and urban planning. As a consequence, public sector decision makers require a baseline of information at their disposal to provide a more complete picture of the costs and benefits of these projects. This paper has attempted to provide this baseline of information. An understanding of the costs and benefits that flow from sports facilities serves to better shape the debate concerning these facilities and yield decisions that more closely reflect community needs and wants.

To date, the question of whether or not to provide public funding for a new sports facility is one that has typically been answered by boosters with a resounding "Yes" and by scholars with a firm "No". During a typical stadium debate, each camp holds up their impact studies to affirm their positions, all the while pointing out the limitations of the other side's work. What should be evident from the foregoing paper is that impact studies prepared by or for the public sector and scholarly research into the economic impacts of sports stadia are each valuable to the debate, but each in limited ways. The answer arrived at by these respective groups depends largely on how the impacts of sports facilities are bounded; boosters tend to claim all of the benefits of sports facilities and recognize few of the costs, while scholars tend to focus strictly on the economic costs and benefits of these projects. In both cases these studies may have utilized appropriate data and methods that yield accurate findings, but which overlook key elements of the real costs and benefits of these projects. In reviewing the literature on the impacts of sports facilities and in laying out a comprehensive set of costs and benefits, it is hoped that both proponents and opponents can more easily and more completely debate the merits of public funding for sports facilities.

The foregoing review of the literature and the identification of the full range of costs and benefits of sports facilities points to several conclusions of interest to decision makers investigating the prudence of public spending on these projects. These conclusions are:

1. **A pro-facility argument that rests solely on the magnitude of the economic benefits conferred by a new facility is unsustainable.** The economic impact literature has ended once and for all the argument that the economic impact of these projects justifies public subsidies for new sports facilities.

2. To reiterate Johnson and Sack (1996), **a sports facility must be assessed on both its noneconomic and economic merits.** Sports facilities have noneconomic impacts that exist and which are potentially significant. As such, noneconomic costs and benefits deserve more attention from decision makers, facility boosters, and scholars.

3. **Traditional project impact assessments tend to focus on the direct economic costs and the direct economic benefits of sports facilities.** A strength of traditional impact studies is that they cover the basics rather well. However, secondary economic costs and benefits remain largely ignored by these analyses. This very important oversight has led to the scholarly research that emphasizes that sports facilities do not generate measurable economic benefits that outweigh the economic costs of these projects.

4. **Traditional project impact assessments only broadly incorporate noneconomic benefits while generally ignoring noneconomic costs.** An additional strength of traditional impact studies is their general inclusion of the noneconomic benefits that potentially flow from sports facilities. Nonetheless, while community identity, visibility, and civic pride are routinely cited as noneconomic benefits that flow from a facility, these benefits are only broadly identified. What decision makers require is a

realistic assessment of the value of these benefits to a community, not general promises of benefits. In contrast, traditional impact studies routinely ignore noneconomic costs in their entirety, a significant oversight given that these costs can be substantial.

5. **Noneconomic costs and benefits are conceptually well-understood, but the value of these impacts remain unknown.** This paper illustrates that noneconomic impacts are very important to any evaluation of the prudence of public involvement in sports facility projects. While these impacts have been broadly identified, the form, magnitude, and direction of these impacts remains unclear. In the coming years, facility boosters and scholars need to do a much better job of articulating these impacts, both positive and negative, so that they may be more accurately captured in impact studies completed for these projects.

The debate over the prudence of public investment into sports facilities will almost certainly continue in the coming decades. Only when noneconomic impacts are as comprehensively investigated and as well understood as economic impacts can an accurate answer to the question "Are sports facilities worth it?" be supplied to decision makers. For now, then, the best that approach public officials can take is to 1) acquire a broad understanding of the research into the impacts of sports facilities and 2) recognize the full range of costs and benefits that flow from these projects.

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From: "Stephanie" <scraftkibler@comcast.net>
To: "Carol McCarthy" <Cmccarthy@ci.santa-clara.ca.us>
Date: 5/5/2007 11:21 PM
Subject: Re: OPPOSED to 49ers Stadium Proposal

Dear Ms. McCarthy,

Thank you for your reply. Please inform me of any committees or petitions established to fight the the 49ers stadium in Santa Clara.

Stephanie Kibler

----- Original Message -----
From: "Carol McCarthy" <Cmccarthy@ci.santa-clara.ca.us>
To: "Stephanie" <scraftkibler@comcast.net>
Cc: "City Manager" <Manager@ci.santa-clara.ca.us>; "MayorandCouncil" <MayorandCouncil@ci.santa-clara.ca.us>
Sent: Thursday, April 26, 2007 1:01 PM
Subject: Re: OPPOSED to 49ers Stadium Proposal

Dear Ms. Kibler:

Thank you for your email to the Mayor and City Council. Copies have been provided to them. In addition, your email will be retained as part of the public record as discussion proceeds on the proposal for a 49ers football stadium in the City of Santa Clara.

Sincerely,
Carol McCarthy
Deputy City Manager

>>> "Stephanie" <scraftkibler@comcast.net> 4/24/2007 6:46 PM >>>
Dear Mayor Mahan and Council Members,

I am adamantly opposed to the building of the 49ers stadium in Santa Clara. Can you put a price on changes to our community? Santa Clara is a community, surely to become the characteristic city if the stadium is built; the qualities and charm of our city will change.

Absolutely, economic growth and development are imperative to every city's welfare and vitality, but again, at what cost? Unless the city is in dire straits, does fiscal benefit have to win over "quality of life" values?

Respectfully,

Stephanie Kibler
Santa Clara Resident

2446 Johnson Place
Santa Clara, CA 95050
984-0712

Carol McCarthy - Fwd: Another Reason for a Vote !

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/4/2007 8:39 AM
Subject: Fwd: Another Reason for a Vote !
Attachments: Another Reason for a Vote !

Going a little too fast ?

One headline today in the San Jose Mercury News suggested that there could be included a professional soccer team's use of the proposed coliseum as well as the football team, but the Yorks were to be the ***decision makers !***

Come on now !!!
Something is beginning to really smell !!!

If the city ends up paying, building and owning for most of the stadium, then of course the city makes the decisions who gets to play there ... I hope !
Unless our leaders are selling out quietly. [Beginning to sound like Washington, DC]

Perhaps the overall potential of such a profit maker with a ***variety*** of entertainment possibilities right here in the middle of Silicon Valley, with more than 2 million fans of one sort or another, hasn't really been properly considered or studied (except by the Yorks). Are we getting foxed ?
What a plum for the Yorks to get control and most of the profits from the stadium and have the city pay for it !!! No wonder they want a fast answer !!!

Considering how fast this is starting to coalesce, it might be better for the city to float bonds for the additional cost to properly construct a multiple use stadium .. which might be built for less than the Yorks claim (and thereby ensuring complete control).
[Just this past Tuesday night the city council, you might be reminded, entertained another idea to skim off money from future Redevelopment Housing plans, if need be, to use towards the stadium project.]

Time to slow down and think about the whole picture !

Donald P Buchanan
dbuch981@msn.com
2637 Kerryshire Lane
Santa Clara, Ca. 95051-1228

From: Yvonne Galletta
To: Carol McCarthy
Date: 5/2/2007 7:53 AM
Subject: Fwd: 49 er Stadium

For the record. Opposes Stadium

>>> Richard Tinsley <sashbrush@sbcglobal.net> 5/1/2007 6:30 PM >>>
Mr. Sparacino:

Can't we just build a new hospital or throw our money at a cure for cancer? Football adds nothing to our city but expenses. I like football, don't get me wrong, but why do we need to pay for a team that will keep the name San Francisco 49ers. Not Santa Clara 49ers. Santa Clara, my city, an all American city, with the best cops and fireman in the state, and people who like the small town feel, is throwing in with the, what I consider, self gratifying football players and management. I love Santa Clara. It's home to me. Now the front door is open and in come strangers that don't respect what Santa Clara really is. A wonderful clean safe environment for families and people who can feel safe and protected. Personally I don't want to pay for this stadium. Shame on us if we allow this to happen.

Richard Tinsley

Santa Clara resident.

Carol McCarthy - Fwd: 49er Stadium

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/2/2007 9:37 AM
Subject: Fwd: 49er Stadium
Attachments: 49er Stadium

Please give this your full consideration the new stadium would trully be an asset to Santa Clara.

Sincerely

Christina Kennedy

Carol McCarthy - Fwd: New Stadium

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/2/2007 9:38 AM
Subject: Fwd: New Stadium
Attachments: New Stadium

Dear Mayor and Council Members,

As a long time resident of Santa Clara whose family owns 3 homes here, my whole family supports Santa Clara and the 49ers in the building of a new stadium off of Tasman. I believe this is a great opportunity for Santa Clara to have the 49ers playing here plus the opportunity to host other events. As a financial person I look at this as a great investment for the City of Santa Clara to own a stadium while the 49ers and the NFL put up the majority of the funds.

Please support this effort.

Bob Jones
Chief Financial Officer

JEFFREY DEMURE + ASSOCIATES
ARCHITECTS · PLANNERS

"Inspiration for the Built Environment" ™

>>> Mary Emerson <mary@ducky-d.net> 5/2/2007 8:51 AM >>>
Hi Ms. Sparacino, Ms. McCarthy & Ms. Parrot,

First, I would like to thank you again for organizing the session last night. It was very informative -- the presenters really clarified a very complex & specialized subject matter.

I had a question on one point that was made, and would really appreciate if you could help get an answer for me.

Specifically, the comment was made that if we were to reduce the allocation for affordable housing to 20% and issue additional bonds, we could later raise the allocation back to 30% -- assuming there was sufficient additional Tax Increment Revenue. Since the speaker did not go into the details of the relationship among Tax Increment Revenue, Bonding Capacity, and amount of Bonds that can be issued, I'd like to understand what would be required to do a temporary suspension of the additional 10% housing allocation, with some assurance that we could reenstate that allocation.

So, my question is (referencing slides 24 & slide 44 of the presentation):

Assume a decision is made to decrease the allotment for affordable housing to 20% in 2008 and we issue $32.2 million in additional bonds.

If we wanted to increase that allotment back to 30% in 2010 (or in 2012), how much would our tax increment revenue need to increase? What are the projected sources of increased tax increment (source, timing & amount)?

Kind regards,

Mary

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/2/2007 9:42 AM
Subject: Call RE: stadium

I received a call this morning asking if the stadium issue will be up for public vote, she said there would be hell to pay if not. The caller did not leave a name or if she is a resident of Santa Clara or not.

...Kim

Carol McCarthy - Fwd: 49er stadium and the effects on the North Side homes

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/1/2007 2:43 PM
Subject: Fwd: 49er stadium and the effects on the North Side homes
Attachments: 49er stadium and the effects on the North Side homes

Dear Mayor and Council Members,

I have lived on the North Side of Santa Clara since 1984. I understand your deep desire to have the 49er's build their stadium in Santa Clara, specifically near Great America. But I have a very deep concern about the impact this is going to have on the North Side home values, noise pollution, crowding and garbage. Everywhere I look around Candlestick after a game is trash. Maybe because you don't live on the North Side this isn't a problem for you, but a lot of voters do live here. I have not seen these problems addressed in the minutes of any of the council meetings to date. Please let me know what you plan to do to address these issues.

Thank you,

Gordon Blancett
4641 Burke Dr.
Santa Clara, CA 95054
408-205-5849

gmblancett@yahoo.com

Carol McCarthy - Fwd: 49ers proposal

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/1/2007 2:50 PM
Subject: Fwd: 49ers proposal
Attachments: 49ers proposal

My name is John H. Kennedy, and I live at 3564 Londonderry Drive in Santa Clara.

I strongly oppose the use of any City resources toward an NFL stadium in Santa Clara.

I have lived in the South Bay now for over twenty years, and in Santa Clara for more than ten. During all of this time, I have never attended a single 49ers game – even when offered tickets for free. By contrast, I have gone to the library, visited parks, required emergency services, attended events at the convention center, pulled permits for remodeling, and used City utilities.

It is certainly a personal preference that I haven't spent any time at football games, and I can understand that many people are fans. That said, I note that Santa Clara's Code of Ethics & Values includes [emphasis added]:

> 4. As a Representative of the City of Santa Clara, I will be fiscally responsible. In practice, this value looks like:
>
> a. I make decisions after prudent consideration of their financial impact, taking into account the long-term financial needs of the City, especially its financial stability.
> b. I demonstrate concern for the proper use of City assets (e.g., personnel, time, property, equipment, funds) and follow established procedures.
> c. I make good financial decisions that seek to **preserve programs and services for City residents.**

Reading the newspaper this morning, I noted that two of the leading Op-Ed pieces were "Long-term solution needed for parks' maintenance woes" and "Foundation aims to help cash-strapped S.J. police" – and I thought "this is what comes from devoting civic resources to peripheral projects like sports facilities." If the City of San Jose had acted responsibly to "preserve programs and services for City residents," rather than ***expand*** programs and services with an eye toward becoming a dominant force in the ***region***, I wouldn't expect to see such headlines.

News reports have indicated that the 49ers are seeking roughly $160 million from the City. At last census, there were about 100,000 people in Santa Clara, in about 40,000 households. The team, then, is asking for funding that would amount to $1,600 for every man, woman, and child in the City, or $4,000 per household – whether or not that individual or household would ever attend a single game.

There are some who would cloak this proposal in business terms, and talk about economic returns from this "investment." Having been a keen observer of corporate behavior for a couple of decades, I have seen that private financing will step up to fund virtually any activity with the slightest chance of turning an actual profit. The 49ers, a private business, are instead looking to tap into public monies. The City of Santa Clara should neither provide, nor guarantee, any such funds.

Carol McCarthy - Fwd: Please allow ballot vote on staadium issue!

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/1/2007 2:50 PM
Subject: Fwd: Please allow ballot vote on staadium issue!
Attachments: Please allow ballot vote on staadium issue!

Hello Mayor and City Council,

I just read that on June 5, the City's independent consultant presents their analysis of the Stadium plan. At which point the Council will decide whether to proceed or not with the preparation with an Environmental Impact Report.

I would like to ensure that the City Council put any "Stadium Funding Measure" before the voters.

This is an issue that impacts all residents greatly, with its effects far-ranging.

It would be a great injustice if residents do not have the ability to vote on this issue. I'm not referring to speaking at a Council meeting. I am referring to a ballot vote, where the residents of Santa Clara can have their voice and wishes heard and enacted upon (or not).

Thanks for listening.

Brian Chiang
Santa Clara

Carol McCarthy - Fwd: Regarding the 49er Stadium

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/1/2007 2:51 PM
Subject: Fwd: Regarding the 49er Stadium
Attachments: Regarding the 49er Stadium

My name is Brenda Feltham and I own a home at 3564 Londonderry Drive in Santa Clara.

I want to voice my strong opposition to the plan to use public funds to build a stadium for any sports team.

While there is talk about the stadium bringing more jobs, those jobs will be blue collar jobs such as construction workers, janitors, and food salespeople. The much needed corporate jobs will not come to Santa Clara with this project.

Besides the accessive debt the City will be taking on, there will be an increased expense for police and maintenance of the grounds. Projects that make this city one worth living in such as parks and libraries will suffer greatly. Projects such as middle income housing which corporations want to maintain a workforce in Santa Clara will be stopped.

I am also surprised that the city council is blind to what the future probably will hold. I think that the fact that the 49ers are using Santa Clara as a pawn in a game with San Francisco should indicate the level of non committment that they have towards any city. I am not interested in seeing the city being blackmailed like Oakland and San Francisco have been by the 49ers and the Raiders. It would be very foolish to think that their behavior will change in the future.

As a taxpayer of Santa Clara I support parks and libraries. I would like to remind you that it is your duty to do what is right for the city and its residents, not what the 49ers wants you to.

Regards,

Brenda Feltham
3564 Londonderry Dr.
Santa Clara, CA 95050

Carol McCarthy - Fwd: Re: San Francisco 49ers potentially moving to Santa Clara - a homeowners ongoing concerns

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 5/1/2007 2:55 PM
Subject: Fwd: Re: San Francisco 49ers potentially moving to Santa Clara - a homeowners ongoing concerns
Attachments: Re: San Francisco 49ers potentially moving to Santa Clara - a homeowners ongoing concerns

Hello,

I'm once again writing to you to express my concerns and disagreement with allowing the 49ers to build a stadium at the proposed Great America area in Santa Clara.

It is my understanding that the Yorks owe the league a "go or no go" response regarding the stadium by August. Since this stadium will require Santa Clara residents to fund a portion of the stadium, I sincerely hope that the City Council will not succumb to the pressure to rush through this decision.

I do not want to help pay for this billionaires business endeavor. I'm against this location and certainly do not want to help fund it. I am asking that you do what is right and put this matter on the February 2008 ballot so the residents of Santa Clara can have a say in the decision.

I'm looking to you, our elected officials, to look out for the interest of all Santa Clara residents. Financial times are tough right now for a lot of people and we should not be asked to foot any portion of the bill for the 49ers. They have more money than the rest of us and if they want a new stadium built, then let them pay for it.

Thank you,
Monica A. Bennett

Monica Bennett <monicaabennett@yahoo.com> wrote:

> Hello,
>
> I am a resident of Santa Clara and the Lake Santa Clara Homeowners Association, which is located behind Great America in the Agnew / Lake Shore area.
>
> I recently heard that the San Francisco 49ers are considering moving to Santa Clara and that the stadium would be built in the Great America area. The potential location of this stadium greatly concerns me as I feel as a homeowner I already deal with a lot of noise issues as a result of Great America, the railroad, and the airport. I'm concerned that this stadium will only bring additional noise to the area.
>
> I'm also concerned that it will bring a great deal more traffic congestion and the possibility of more crime. My other concern is that this could have a negative impact on the value of our home.
>
> I would like to know the exact location where you are considering building this stadium?
> If this deal goes through, when are you anticipating the stadium to be completed?

Do you have statistics of what happened to home values in other areas that built a stadium in the neighborhood?

Will you be putting this out to the people of Santa Clara for a vote?

Is this topic on one of the city council meeting agendas and if so when?

I look forward to your prompt reply.

Thank you,
Monica A. Bennett
2214 Saint Claire Ct
Santa Clara, CA 95054

From: Yvonne Galletta
To: Carol McCarthy
Date: 5/1/2007 6:01 PM
Subject: Fwd: Glad I moved from Redwood City

For record. Support for Stadium.

>>> "Tony "Elvis" Yob" <yobelvis@yahoo.com> 5/1/2007 3:16 PM >>>
Hello Jennifer,
I just wanted to tell you how proud I am of my new city, Santa Clara! I love the many cultures that live here. I was born and raised in Menlo Park, which has very few different cultures. I love the many restaurants and unique shops. Great America has been awesome my whole life(36 years). I feel that a stadium for the 49ers would be great! Keep up the good work!
Thanks
Anthony Yob
1378 loyola drive

LAW OFFICES OF J. BYRON FLECK
160 West Santa Clara Street, Suite 1100
San Jose, CA 95113-1733
(408) 298-7482
Fax: (408) 297-3360

J. BYRON FLECK

May 1, 2007

Ms. Jennifer Sparacino, City Manager
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Stadium Funding Measure

Dear Ms. Sparacino:

On behalf of Ms. Karen Hardy and myself, we respectfully request that the following items be placed on the Santa Clara City Council agenda for the meeting of Tuesday, May 15, 2007 or as soon thereafter as the matter may be heard and acted upon by the City Council:

1. It is requested that the Santa Clara City Council commit that any proposal involving the appropriation of any City or City Agency or City Utility money, property or indebtedness, for the construction of a football stadium, be first submitted to the voters of Santa Clara for approval or rejection.

2. We additionally request that the Council direct that the Stadium Funding Measure be placed on the February 2008 primary ballot.

Thank you for your continuing courtesies.

Very truly yours,

J. BYRON FLECK, ESQ.

JBF/get

cc: Mayor
Santa Clara City Council

From: Barry DeVita <rssmjr@earthlink.net>
To: Carol McCarthy <Cmccarthy@ci.santa-clara.ca.us>
Date: 4/28/2007 8:10 PM
Subject: Thank You

CC: City Manager <Manager@ci.santa-clara.ca.us>, MayorandCouncil <MayorandCo...
Thank you for taking the time to respond and clarify...

I will forward your reply to those who expressed concern to me...

BCD

==========

on 4/24/07 3:15 PM, Carol McCarthy wrote:

> Dear Mr. DeVita:
>
> Thank you for your email to the Mayor and City Council. Copies have been
> provided to them. In addition, your email will be retained as part of the
> public record as discussion proceeds on the proposal for a 49ers football
> stadium in the City of Santa Clara.
>
> For information, tonight's Council meeting is to receive information from the
> 49ers. No final action is anticipated or expected. It is expected that the
> 49ers proposal will be referred to staff for study.
>
> There will be many more meetings on this topic, and opportunities for the
> public to weigh in with their issues or concerns.
>
> Sincerely,
> Carol McCarthy
> Deputy City Manager
>
>
>
>>>> Barry DeVita <rssmjr@earthlink.net> 4/23/2007 10:47 AM >>>
> FTR, I'm in favor of the 9rs moving to SC.
>
> I'm also in favor of everyone being treated equally ;
> sooooo, iffffff you make an exception for the 9rs*,
> * (for NOT meeting the deadline for proposal submittal)
> PLEASE extend that courtesy to all of us who have lived here all along...
>
>
> To paraphrase my neighbor Au Nguyen,
> The next time a tax-paying resident presents a request to City Council for a
> simple garage conversion or backyard fence, I hope you'll be every bit as
> "flexible" with him/her, iffff they fail to present their application and
> drawings until the night of your hearing...
>
>
> Respectfully Submitted,

>
> Barry DeVita
> 1442 Newhall Street
>
>

Carol McCarthy - Fwd: 49ers Stadium

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 4/27/2007 8:27 AM
Subject: Fwd: 49ers Stadium
Attachments: 49ers Stadium

Dear Mayor and Council Members,

I am not a citizen of Santa Clara, although I live in Santa Clara County. I have been following the stadium issue in the SJMN for some time now. While I can understand the possible glory of having a major pro-football team in our county, it certainly sounds as if you are asking for inordinate sacrifices from your Santa Clara citizens. If the York family wants it, why aren't they using their gazillions to buy the land and pay for the stadium? What's $250 mill. to them?

It's MORE than enough for Santa Clara to have to provide power and support services. It's not like our towns are rolling in "dough" these days. What hasn't been spelled out in the paper are the advantages to the Santa Clara citizens of incurring and paying for all this debt. It certainly doesn't seem like enough payback to me.

Sincerely,
Judith E. Marlin
Los Gatos, CA

Carol McCarthy - Fwd: Re: Santa Clara does not want the 49ers

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 4/27/2007 10:55 AM
Subject: Fwd: Re: Santa Clara does not want the 49ers
Attachments: Re: Santa Clara does not want the 49ers

Madam Mayor, Councilmembers and Ms. McCarthy,

As a long time Santa Claran, I continue to be opposed to the 49ers Stadium bid to the City of Santa Clara. Clearly, there is no net benefit to the city residents and city infrastructure. A public subsidy of almost $200 million (more I'm sure by the time all is said and done) is unacceptable. Santa Clara Residents should not be expected to support a billionaires project! If Mr. York wants a new stadium, Mr. York should pay for a new stadium! JUST SAY NO TO THE 49ERS!!!!

E. Broderick
A Concerned Voter
Santa Clara, CA

From: Jashma Kadam
To: Carol McCarthy
Date: 4/27/2007 11:51 AM
Subject: Fwd: 49ers stadium facts

Carol: The attached message was received in the Manager@ mailbox. We were copied on this email to the Weekly.

Jashma

>>> Daniel Lewis <danlewis@yahoo.com> 4/27/2007 11:34 AM >>>
Your opinionated column is disturbing. You suggest that the Billionare York's are the only source of facts. If they wanted to share the facts with the public then they would provide information prior to the city council meetings, as is customary.

The majority of citizens are against the plan. A CBS TV5 poll shows that 55% are against any subsidy while only 38% support it. We don't want our tax money going to help the billionaire Yorks.

While businesses may benefit from a stadium, it is the local residents who must finance it. It is the residents who suffer from the increased traffic, noise, crime and mayhem. The residents will continue to watch the games on television while wealthy business owners attend the games. If anything, businesses should be asked to foot the bill.

Attorney and former Santa Clara Planning Commissioner Byron Fleck is one of the stadium's top critics. "Every economist who has ever looked at the benefits to the city of providing a subsidy to a billionaire comes back and says there is no benefit whatsoever, if not a detriment to the city," Fleck said.

Now that sounds like a pretty strong fact to me.

Regards,
Daniel L.

From: Kim Fettahlioglu
To: attypatty@sbcglobal.net
Date: 4/26/2007 6:58 PM
Subject: Call RE: 49ers

CC: Carol McCarthy

A call was received in the Mayor and Council Offices on Wednesday, April 25. I was not able to determine if she was a resident of Santa Clara or not, her call was for Mayor Mahan. I am copying Carol McCarthy on this for CMO information. No contact information was left. This is a synopsis of the message that was left.

Marilyn would like the 49ers to be in Santa Clara and doesn't want to tax is raised. She believes the stadium being in Santa Clara, will raise revenues in the entire county. At this time she believed that Mayor Mahan, was the Mayor of the County of Santa Clara and the money would come from the County. I clarified this for her. She also thought that the stadium should begin construction immediately before the $160M will become $360M.

Caller:
Marilyn Holmes

----- Original Message -----
From: "Carol McCarthy" <Cmccarthy@ci.santa-clara.ca.us>
To: "Stephanie" <scraftkibler@comcast.net>
Cc: "City Manager" <Manager@ci.santa-clara.ca.us>; "MayorandCouncil" <MayorandCouncil@ci.santa-clara.ca.us>
Sent: Thursday, April 26, 2007 1:01 PM
Subject: Re: OPPOSED to 49ers Stadium Proposal

Dear Ms. Kibler:

Thank you for your email to the Mayor and City Council. Copies have been provided to them. In addition, your email will be retained as part of the public record as discussion proceeds on the proposal for a 49ers football stadium in the City of Santa Clara.

Sincerely,
Carol McCarthy
Deputy City Manager

>>> "Stephanie" <scraftkibler@comcast.net> 4/24/2007 6:46 PM >>>
Dear Mayor Mahan and Council Members,

I am adamantly opposed to the building of the 49ers stadium in Santa Clara. Can you put a price on changes to our community? Santa Clara is a community, surely to become the characteristic city if the stadium is built; the qualities and charm of our city will change.

Absolutely, economic growth and development are imperative to every city's welfare and vitality, but again, at what cost? Unless the city is in dire straits, does fiscal benefit have to win over "quality of life" values?

Respectfully,

Stephanie Kibler
Santa Clara Resident

2446 Johnson Place
Santa Clara, CA 95050
984-0712

From: Mary Emerson <mary@ducky-d.net>
To: <MayorandCouncil@ci.santa-clara.ca.us>, <jsparacino@ci.santa-clara.ca.us>
Date: 4/26/2007 10:44 PM
Subject: 49ers Proposal Fiscally Irresponsible

I am very concerned about the football stadium proposals presented to the City Council on April 10th & 24th. From what I have read so far, my overall impression is that it would be fiscally irresponsible for the city to invest in this endeavor.

The proposal requests $160M "Public Equity Investment in the Stadium" for building the stadium. However, according to the Economic Impact Analysis, the 30 year revenue stream that would be returned on that investment has a Net Present Value of $18M. Since there is no intrinsic value to the stadium at the end of those 30 years, this investment would constitute a net loss of $142M.

Not a very good return on investment.

Where does that $160M come from? It certainly should not come out of city funds, city properties, city taxes, Silicon Valley Power operating funds or reserves, or via financing secured by any city asset. It would be a gross violation of the City Management's fiduciary responsibilities to misuse city assets in this way, or to in any way jeopardize the city's good financial standing in the bond market.

Any "public" investment of this size should be put to a popular vote. After all, this translates to over $1,500 per Santa Clara resident.

Additionally, there appear to be a number of down-side risks for the construction costs. Based on the presentation at the April 24th City Council meeting, a "Stadium Authority" would be created -- funded by additional city assets.

This entity would be responsible for $330,464,000 of construction costs, derived from "Naming Rights, Corporate Founding Partners, Ticket Tax Financing, Stadium Builders Licenses, Concessionaire Equity, Pouring Rights, etc."

There is no guarantee for this level of funding. Who will be liable if these sources come up short of the $330M required for the project? The city can not, in good conscience, take on this risk. Will the 49ers?

"... the city of Oakland and Alameda County have had to pay $236 million in subsidies for renovations and operations of McAfee Coliseum since 1995, and the Coliseum continues to cost taxpayers more than $20 million a year. "
-- SJMN April 4th

Is this the vision we have for Santa Clara?

It's time for everyone to take off their red-and-gold colored glasses and face the facts. Building a stadium for the San Francisco 49ers amounts to corporate welfare. The return to the city? Debt, decreased credit rating, ultimately leading to higher taxes and/or decreases in services.

Kind regards,

Mary Emerson

1515 Newhall St.
Santa Clara, CA 95050

From: Carol McCarthy
To: BowdoinR@aol.com
Date: 4/26/2007 2:02 PM
Subject: Re: New stadium

CC: City Manager; MayorandCouncil

Thank you Mr. Bowdoin:

We will make sure the Mayor and Council receive a copy of your comments.

Sincerely,
Carol

>>> <BowdoinR@aol.com> 4/26/2007 1:35 PM >>>

Dear Ms McCarthy,

Thank you very much for the reply.

You can pass on one more bit of information. I went to the council meeting Tuesday night where the 49ers presented their financial plan. I was very pleased with the reaction from all of the councilmen and Mayor. They all appeared quite interested and appeared to have accepted the information in an open and positive manner.

I was concerned that this could be a time where to do nothing would be the safe avenue. My confidence in our elected officials is now positive and high.

I believe that they do possess the wherewithal to coordinate a stadium deal that will be a significant enhancement for our city.

Thank you,

J. Richard Bowdoin
2723 Crosby Ct
Santa Clara, Ca 95051
In a message dated 4/26/2007 1:05:15 PM Pacific Daylight Time,
Cmccarthy@ci.santa-clara.ca.us writes:

Dear Mr. Bowdoin:

Thank you for your email to the Mayor and City Council, and to the City Manager. Copies have been provided to them. Your comments are appreciated.

In addition, your email will be retained as part of the public record as discussion proceeds on the proposal for a 49ers football stadium in the City of Santa Clara.

Sincerely,
Carol McCarthy
Deputy City Manager

>>> Yvonne Galletta 4/24/2007 5:07 PM >>>
Late entry.

>>> <BowdoinR@aol.com> 4/24/2007 4:25 PM >>>
As I understand the process, the full impact and costs have not yet been identified of a new stadium in Santa Clara.

Reviewing the agenda for tonight and the many letters to the council, I do

not understand such a negative reaction.

The impacts and costs have not yet been fully identified, it appears to me that people's general mistrust of government and business is at work. My belief is that the York's will ensure that the City is satisfied and treated

fairly as this arrangement cannot be successful if one-sided. I believe that our
neighbors in Oakland have proven what can happen when one party benefits significantly more than the other.

That said, the York's have the responsibility to provide and explain their proposal and you have the responsibility to ensure the City is properly represented and protected.

I am in favor of the City continuing work to resolve and understand any issues.

The easy thing to do is nothing...it doesn't make it the right thing to do.

J. Richard Bowdoin
2723 Crosby Ct
Santa Clara, Ca 95051

********** See what's free at http://www.aol.com.

From: Kim Fettahlioglu
To: attypatty@sbcglobal.net
Date: 4/26/2007 6:52 PM
Subject: Call from non-resident RE: 49ers

CC: Carol McCarthy

A call was received in the Mayor and Council Offices on Wednesday, April 26 from a San Francisco resident, her call was for Mayor Mahan. I am copying Carol McCarthy on this for CMO information. No contact information was left. This is a synopsis of the message that was left.

Theresa's message indicated that she was unhappy with the Mayor's comments that "...they have been there forever and it's time for a change." Her statements included but were not limited to, "...you are NOT going to take the SF 49ers name." and "...Kevin Moore tampered with negotiations, there is legal recourse."

Caller:
Theresa
San Francisco

From: Kim Fettahlioglu
To: attypatty@sbcglobal.net
Date: 4/26/2007 6:44 PM
Subject: Call from non-resident RE: 49ers

CC: Carol McCarthy

A call was received in the Mayor and Council Offices on Wednesday, April 25 from a Belmont resident, her call was for Mayor Mahan. I am copying Carol McCarthy on this for CMO information and possible reply.

Ms. Nolan's comments stated that the Mayor had no business thinking of building a stadium when there are people living on the street and children going hungry. She feels the money should be used for re-education and care of the Cities residents.

Contact:
Ms. Nolan.
P.O. Box 84.
Belmont, CA 94002

Carol McCarthy - Re: New stadium

From: <BowdoinR@aol.com>
To: <Cmccarthy@ci.santa-clara.ca.us>
Date: 4/26/2007 1:36 PM
Subject: Re: New stadium
CC: <Manager@ci.santa-clara.ca.us>, <MayorandCouncil@ci.santa-clara.ca.us>

Dear Ms McCarthy,

Thank you very much for the reply.

You can pass on one more bit of information. I went to the council meeting Tuesday night where the 49ers presented their financial plan. I was very pleased with the reaction from all of the councilmen and Mayor. They all appeared quite interested and appeared to have accepted the information in an open and positive manner.

I was concerned that this could be a time where to do nothing would be the safe avenue. My confidence in our elected officials is now positive and high.

I believe that they do possess the wherewithal to coordinate a stadium deal that will be a significant enhancement for our city.

Thank you,

J. Richard Bowdoin
2723 Crosby Ct
Santa Clara, Ca 95051
In a message dated 4/26/2007 1:05:15 PM Pacific Daylight Time, Cmccarthy@ci.santa-clara.ca.us writes:

> Dear Mr. Bowdoin:
>
> Thank you for your email to the Mayor and City Council, and to the City Manager. Copies have been provided to them. Your comments are appreciated.
>
> In addition, your email will be retained as part of the public record as discussion proceeds on the proposal for a 49ers football stadium in the City of Santa Clara.
>
> Sincerely,
> Carol McCarthy
> Deputy City Manager
>
> >>> Yvonne Galletta 4/24/2007 5:07 PM >>>
> Late entry.
>
> >>> <BowdoinR@aol.com> 4/24/2007 4:25 PM >>>
> As I understand the process, the full impact and costs have not yet been identified of a new stadium in Santa Clara.
>
> Reviewing the agenda for tonight and the many letters to the council, I do not understand such a negative reaction.
>
> The impacts and costs have not yet been fully identified, it appears to me that people's general mistrust of government and business is at work. My belief is that the York's will ensure that the City is satisfied and treated fairly as this arrangement cannot be successful if one-sided. I believe that our

neighbors in Oakland have proven what can happen when one party benefits significantly more than the other.

That said, the York's have the responsibility to provide and explain their proposal and you have the responsibility to ensure the City is properly represented and protected.

I am in favor of the City continuing work to resolve and understand any issues.

The easy thing to do is nothing...it doesn't make it the right thing to do.

J. Richard Bowdoin
2723 Crosby Ct
Santa Clara, Ca 95051

From: Maria Garza
To: Carol McCarthy
Date: 4/26/2007 1:22 PM
Subject: Citizen Opinion re: Proposed 49ers Stadium

Mr. Marty Samma, resident of Santa Clara since 1952, and a homeowner in Santa Clara since 1960, called, saying that he is a disabled veteran and he would like for the city to build him an office for his use, the city can own it and he would pay reasonable rent.

If the city can help pay for a stadium for the 49ers, the city should be willing to build him an office. He was serious (he said).

Maria Garza

Carol McCarthy - Fwd: 49erstadium

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 4/26/2007 11:23 AM
Subject: Fwd: 49erstadium
Attachments: 49erstadium

I just want to let you know that I am in favor for new stadium.

Robert Ravizza
49er Booster Club

Carol McCarthy - Proposed 49ers Stadium - April 24, 2007 Meeting

From: "Monica Siguenza" <msiguenza@msn.com>
To: "Carol McCarthy" <Cmccarthy@ci.santa-clara.ca.us>
Date: 4/26/2007 10:43 AM
Subject: Proposed 49ers Stadium - April 24, 2007 Meeting

Dear Mayor Mahan, City Council Members, and City Staff:

I am writing again to express my support for building the stadium in Santa Clara. I attended last night's council meeting in order to hear the 49ers proposal first hand, without all the interpretation, extrapolation, expert analysis, and personal opinions that accompany these type of controversial issues when heard second or third hand. Based on the presentation and all the information provided, the one thing we can all agree on is that City Staff has a lot of work to do in analyzing the data. I remain optimistic that the research will show this is indeed a risk worth taking.

I also want to applaud the city for it's very informative website which provides all related data that we can see in it's original format, just as it was submitted to you. It's a great way to keep informed of the stadium project developments as well as upcoming meeting schedules and agendas.

Sincerely yours,

Monica Siguenza
(city resident since 1972)

Carol McCarthy - Fwd: 04/24/07 Counci lMeeting Concerning the 49er's

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 4/26/2007 9:04 AM
Subject: Fwd: 04/24/07 Counci lMeeting Concerning the 49er's
Attachments: 04/24/07 Counci lMeeting Concerning the 49er's

Mayor & Coucil Members
City Manager, etc.,

To All Concerned,

It was a pleasure to watch the proceedings on Channel #15 and sort out facts from feelings. Little of the former and lots of the latter!

Aside from the over-optimistic die-hard fans one got the feeling the council is pretty much sold on the idea even though they realize they've serious hurdles to overcome.

Today's papers (the Mercury & Chronicle) both stuck to the financial aspects which are the meat of the exchange and the Mercury Editorial suggested a ***general public vote*** since the ramifications are so important to the residents which seems like ***good advice***, if it can be accepted by the council in some legal way.

Think the 49er's (or the Yorks) are quick to see a ***very*** good deal in the whole relocation idea that the council ***failed*** to recognize. Seeing their potential profit soaring, thanks to the limited knowledge of the local leaders, the Yolks greedily went on to ask the city to chip in an additional $160 million more, over and above the land, new parking garage and pay for the relocation of the electric substation. Smart guys ... a typical ploy to always ask for more. (They are clever to disguise their serious interest with all the hypothetical future-profits smoke.)

Interesting comparison though, how the four subsequent owners of Great America built their own projects and leased the ground from the city for $5 million a year --- a normal lease arrangement. Even though the NFL suggests city participation, the amounts are always debatable and it depends on just what each side puts on the table.

Because the board members were a bit dazzled from all the attention and with their lack of financial skills, they failed to realize the city is really in the catbird seat, so to speak. With the ***land, existing infrastructure, a new parking garage, the $200K already spent, etc.,*** the city now can **demand** different conditions. The council blindly forgets that the city is really putting up ***much more than half the total value already*** without any additional money. You know that subsequent upgrades, police pay and final demolition of the structure will fall on the city.

If the 49er's really want to move as they claim, they can easily find the necessary money to build the coliseum.

I don't see anything to prevent the city to go ahead with the idea ***providing*** they build up some courage, show who is controlling the band, demand oversite and stipulate what it's going to cost the 49er's to move into our city.

After all, we ***have what they want*** !

Donald Buchanan

dbuch981@msn.com

2637 Kerryshire Lane

Santa Clara, Ca. 95051

Carol McCarthy - Fwd: Support the 49ers!

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 4/25/2007 8:05 AM
Subject: Fwd: Support the 49ers!
Attachments: Support the 49crs!

Hello City Council:

I am a resident of Santa Clara and I fully support the 49ers coming to Santa Clara! This will be a great opportunity for all the fans and the money that it will bring into our city.

The games are on Sundays in most cases, so there won't be a major impact on the traffic for the residents or people working in our city.

I hope that the City Council will also support the 49ers move to Santa Clara.

In solidarity,

Patty Atherton
2192 Santa Cruz Ave
Santa Clara, CA 95051

3818 Thrush Court
Santa Clara, CA 95051
April 23, 2007

Members, City Council
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Dear Members:

We have always appreciated the manner in which the City of Santa Clara has been managed, especially the low utility rates. This is why we are asking why rate increases are being proposed when there is such a large surplus in the utility fund.

Regarding the possibility of the 49ers moving to Santa Clara, we have been on the fence. We are 49er fans but are skeptical of the fact that the team might be getting a loan from Santa Clara's utility fund, a big loan, and that this city would own the stadium. We would prefer the 49ers take the route the San Francisco Giants did and build a stadium with their own money. Assuming this issue will be put before the voters, we will most likely oppose it.

We would appreciate a response to our question regarding the rate increases.

Thank you.

Sincerely,

Jim Sane - Lupe Robles-Sane

Jim Sane and Lupe Robles-Sane

April 25, 2007

On today's date, the City received a telephone call from resident Lorie Tilson (984-1305). Ms. Tilson is concerned about the proposal for a 49ers stadium, and had questions about it.

If any City money is to be committed to this project, or if the project is to go forward, Ms. Tilson believes that the residents should be allowed to vote to decide the matter.

From: Maria Garza
To: Carol McCarthy
Date: 4/25/2007 1:48 PM
Subject: Citizen Opinion Re: Proposed 49ers Stadium

Ms. Diane Tennison, Santa Clara resident, called the Mayor and Council Offices today to express her strong opposion to the proposed stadium. She does not feel we should "give them $160,000,000" --- that the revenue anticipated will not make up for it. She went on to say that the U.S. Constitution guarantees no taxation without representation. She will keep close watch on who votes for the stadium and she will plan campaigns to insure those people do not get re-elected. She plans to write a separate letter but wanted to make sure the Council was advised of her adamant opposition as soon as possible. She requires no response.

I will print this e-mail and distribute it to Council.

Maria Garza
Office Specialist to the City Council

From: <temp1@dslextreme.com>
To: <MayorandCouncil@ci.santa-clara.ca.us>
Date: 4/25/2007 3:12 PM
Subject: Opposition to 49ers coming to Santa Clara!

According to the recent 49ers report, they are asking Santa Clara to provide $160M+ for their stadium... imagine how our parks, libraries, and schools could use $160M !

Any one of those would benefit the city over having the 49ers play here, and thereby increasing our crime, noise, traffic, and littering.

I live in Rivermark, very close to the proposed area, and I certainly do not want more traffic, noise, and crime in my neighborhood. And my elderly parents visit every Sunday, and closing our streets would be a major inconvenience.

Please don't let this happen!

Brian Chang
Santa Clara

Carol McCarthy - Fwd: OPPOSED to 49ers Stadium Proposal

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 4/25/2007 8:03 AM
Subject: Fwd: OPPOSED to 49ers Stadium Proposal
Attachments: OPPOSED to 49ers Stadium Proposal

Dear Mayor Mahan and Council Members,

I am adamantly opposed to the building of the 49ers stadium in Santa Clara. Can you put a price on changes to our community? Santa Clara is a **community**, surely to become the characteristic **city** if the stadium is built; the qualities and charm of our city will change.

Absolutely, economic growth and development are imperative to every city's welfare and vitality, but again, at what cost? Unless the city is in dire straits, does fiscal benefit have to win over "quality of life" values?

Respectfully,

Stephanie Kibler
Santa Clara Resident

2446 Johnson Place
Santa Clara, CA 95050
984-0712

Carol McCarthy - Fwd: 49er stadium

From: ~~Kim Fettahlioglu~~ Via ninerbob@sbcglobal.net
To: Carol McCarthy
Date: 4/24/2007 4:24 PM
Subject: Fwd: 49er stadium
Attachments: 49er stadium

Let's all get together and build this stadium. It will be a big boost to the city. We need something this big to put us on the map. Let's do it. Thank you

Bobby T.

Carol McCarthy - Fwd: Stadium Proposal

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 4/24/2007 4:55 PM
Subject: Fwd: Stadium Proposal
Attachments: Stadium Proposal

From fsantillan@aquinix.com

Greetings Madam Mayor:

As a life long resident of Santa Clara county, as well 49er season ticket holder for the past 15 years, I urge you to continue your support for building a new stadium in Santa Clara.

Thank you,
Fred Santillan
Sunnyvale, CA

Carol McCarthy - Fwd: Stadium Project

From: Kim Fettahlioglu
To: Carol McCarthy
Date: 4/24/2007 5:08 PM
Subject: Fwd: Stadium Project
Attachments: Stadium Project

Mayor Mahan and City Council Members:

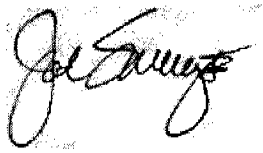
I urge you to consider the economic impact the building of a stadium with the 49'ers would be in our great City. As someone who is affiliated with the construction industry, I see the empty buildings that are in the north Santa Clara area and this would bring small and large businesses to the area. We need to fill these building up.

Please move forward and work with the 49'er organization on solving the investment gap to building the new stadium.

The City has taken calculated risks in the past with the Great America Park and the Silicon Valley Power and this too needs your consideration to continue the growth we need here.

I have talked to many citizens and local businessmen who can see a stadium here as long as the financial and traffic questions can be answered. Further study and work is needed, and I urge you to move forward in a responsible way - as you have already done throughout this process.

Very truly yours,



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From: Yvonne Galletta
To: Carol McCarthy
Date: 4/24/2007 5:07 PM
Subject: Fwd: New stadium

Late entry.

>>> <BowdoinR@aol.com> 4/24/2007 4:25 PM >>>
As I understand the process, the full impact and costs have not yet been identified of a new stadium in Santa Clara.

Reviewing the agenda for tonight and the many letters to the council, I do not understand such a negative reaction.

The impacts and costs have not yet been fully identified, it appears to me that people's general mistrust of government and business is at work. My belief is that the York's will ensure that the City is satisfied and treated fairly as this arrangement cannot be successful if one-sided. I believe that our neighbors in Oakland have proven what can happen when one party benefits significantly more than the other.

That said, the York's have the responsibility to provide and explain their proposal and you have the responsibility to ensure the City is properly represented and protected.

I am in favor of the City continuing work to resolve and understand any issues.

The easy thing to do is nothing...it doesn't make it the right thing to do.

J. Richard Bowdoin
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